

# IMPROVING THE NATION'S HIGHWAY FREIGHT NETWORK

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(113-55)

HEARING  
BEFORE THE  
SUBCOMMITTEE ON  
HIGHWAYS AND TRANSIT  
OF THE  
COMMITTEE ON  
TRANSPORTATION AND  
INFRASTRUCTURE  
HOUSE OF REPRESENTATIVES  
ONE HUNDRED THIRTEENTH CONGRESS  
SECOND SESSION

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FEBRUARY 27, 2014  
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**Committee on Transportation and Infrastructure  
U.S. House of Representatives**

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Washington, DC 20515

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February 21, 2014

**SUMMARY OF SUBJECT MATTER**

**TO:** Members, Subcommittee on Highways and Transit  
**FROM:** Staff, Subcommittee on Highways and Transit  
**RE:** Subcommittee Hearing on “Improving the Nation’s Highway Freight Network”

**PURPOSE**

The Subcommittee on Highways and Transit will meet on Thursday, February 27, 2014 at 10:00 a.m. in 2167 Rayburn House Office Building to receive testimony related to highway freight mobility. The Subcommittee will hear from the Honorable Mark Gottlieb, Secretary of the Wisconsin Department of Transportation and Chairman of the American Association of State Highway and Transportation Officials Subcommittee on Highway Transport; the Honorable Gerald Bennett, Mayor of Palos Hills, Illinois, and Chair of the Chicago Metropolitan Agency for Planning; Henry Maier, President and Chief Executive Officer of FedEx Ground; and Susan Alt, Senior Vice President for Public Affairs of Volvo Group North America.

**BACKGROUND**

*The Importance of Freight Mobility*

The safe and efficient movement of freight throughout the United States directly impacts the day-to-day lives of every American. Basic necessities, such as food and clothing, rely on many modes of the freight transportation network to reach consumers. In testimony before the Senate Committee on Commerce, Science, and Transportation on June 18, 2009, Rick Gabrielson, Senior Director of International Transportation of the Target Corporation, provided a telling example that demonstrates the intermodal nature of goods movement.<sup>1</sup> A simple tee-shirt manufactured overseas moves by truck and ocean vessel before entering the United States at a domestic port. It is processed at a nearby sorting facility, where it is combined with similar items arriving from other foreign points of origin. These items are then loaded onto trucks or trains and

<sup>1</sup> *Freight Transportation in America: Options for Improving the Nation’s Network Before the S. Comm. on Commerce, Science, and Transp.*, 111th Cong. 1 (2009) (statement of Rick Gabrielson, Senior Dir. of Int’l Transp., Target).

delivered to a distribution facility, at which point the shirt is combined with other items designated for the same final destination. These items are then transported via truck or train, depending on the distance between the distribution facility and the destination. If a customer wants a product shipped directly to their residence or business, Target may utilize cargo aircraft to transport the goods, in addition to trucks, trains, and vessels. Due to the complexity of the supply chain, even the smallest delay at any point can cause massive ripples throughout the system, resulting in significant economic loss and higher prices for consumers.

The Nation's highway system is an essential part of the freight transportation network. Not every community is located adjacent to a railroad, airport, waterway, or port, but a consumer good is almost invariably transported along the Nation's four million miles of highways and roads for at least part of its journey. Furthermore, first- and last-mile connections to other modes of transportation are almost always made by the highway system.

Approximately 50 percent of all freight tonnage moved in the United States travels less than 100 miles between origin and destination.<sup>2</sup> At this distance, trucks carry almost 85 percent of all of the freight that is moved.<sup>3</sup> More than 250 million vehicles, in total, traverse the highway system each year, and commercial trucking requires a reliable highway system on which to operate.<sup>4</sup>

However, each day approximately 12,000 miles of the highway system slow below posted speed limits, and an additional 7,000 miles experience stop-and-go conditions.<sup>5</sup> In addition, America's reliance on the highway system is growing faster than the system itself. U.S. public highway mileage increased at an average rate of 0.2 percent between 1997 and 2010, while total vehicle miles travelled grew to an average annual rate of 1.3 percent during the same period.<sup>6</sup> Such congestion negatively impacts the efficiency of the highway system as a reliable mode of transportation.

In 2011, the U.S. transportation system moved 17.6 billion tons of goods, valued at more than \$16.8 trillion.<sup>7</sup> The Federal Highway Administration estimates that in the next 30 years, there will be 60 percent more freight that must be moved across the Nation.<sup>8</sup> To keep up with such demand, it is critical that Congress seeks ways to increase the efficiency, safety, and overall condition and performance of the Nation's freight transportation network.

*Panel on 21<sup>st</sup> Century Freight Transportation*

To study the operation and needs of the Nation's freight transportation network, the Committee on Transportation and Infrastructure convened a special panel in April 2013. The

<sup>2</sup> U.S. DEP'T OF TRANSPORTATION, FED. HIGHWAY ADMIN. (FHWA), FREIGHT FACTS AND FIGURES REPORT 10 (2012).

<sup>3</sup> *Id.*, at 11.

<sup>4</sup> *Id.*, at 20.

<sup>5</sup> *Id.*, at 42.

<sup>6</sup> FHWA & FED. TRANSIT ADMIN., CONDITIONS AND PERFORMANCE REPORT 2-8 (2010).

<sup>7</sup> FREIGHT FACTS AND FIGURES REPORT 10 (2012); U.S. DEP'T OF TRANSPORTATION, RESEARCH AND INNOVATIVE TECH. ADMIN. (RITA), TRANSPORTATION STATISTICS ANNUAL REPORT 1 (2012).

<sup>8</sup> FREIGHT FACTS AND FIGURES REPORT, at 9.

Panel on 21<sup>st</sup> Century Freight Transportation spent six months holding hearings, conducting site visits, and meeting with stakeholders for roundtable policy discussions on all aspects related to the movement of goods throughout, into, and out of the United States.

After completing its fact-finding mission, all eleven Members of the Panel released a report summarizing its findings and making specific policy recommendations on ways to improve the safe and efficient movement of goods.<sup>9</sup> The report can be found in its entirety at the following location: <http://transportation.house.gov/UploadedFiles/FreightReportSmall.pdf>.

#### *MAP-21 Freight Provisions*

Congress most recently reauthorized the federal surface transportation programs in the Moving Ahead for Progress in the 21<sup>st</sup> Century Act (MAP-21; P.L. 112-141), which was enacted on July 6, 2012. MAP-21 laid the foundation for a significant federal focus on freight mobility. Specifically, MAP-21 set national freight policy by delineating specific goals relating to freight mobility. MAP-21 also required the Secretary of Transportation to designate a national freight network and establish a strategic plan to meet the goals stipulated in the national freight policy. Finally, MAP-21 encouraged the creation of state freight advisory committees and the development of state freight plans. MAP-21 is set to expire on September 30, 2014.

#### *Conclusion*

Ensuring the safe and efficient movement of goods through consideration of the recommendations of the Panel on 21<sup>st</sup> Century Freight Transportation and building on the foundation laid in MAP-21 is a priority for the 113<sup>th</sup> Congress.

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<sup>9</sup> U.S. HOUSE OF REPRESENTATIVES, COM. ON TRANSPORTATION & INFRASTRUCTURE, IMPROVING THE NATION'S FREIGHT TRANSPORTATION SYSTEM: FINDINGS AND RECOMMENDATIONS OF THE SPECIAL PANEL ON 21<sup>ST</sup> CENTURY FREIGHT TRANSPORTATION (2013).

**WITNESS LIST**

The Honorable Mark Gottlieb  
Secretary  
Wisconsin Department of Transportation  
*On behalf of the American Association of State Highway and Transportation Officials*

The Honorable Gerald Bennett  
Mayor  
Palos Hills, Illinois  
*On behalf of the Chicago Metropolitan Agency for Planning*

Henry Maier  
President and Chief Executive Officer  
FedEx Ground

Susan Alt  
Senior Vice President, Public Affairs  
Volvo Group North America



## **IMPROVING THE NATION'S HIGHWAY FREIGHT NETWORK**

**THURSDAY, FEBRUARY 27, 2014**

HOUSE OF REPRESENTATIVES,  
SUBCOMMITTEE ON HIGHWAYS AND TRANSIT,  
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE,  
*Washington, DC.*

The subcommittee met, pursuant to notice, at 10 a.m., in Room 2167, Rayburn House Office Building, Hon. Thomas E. Petri (Chairman of the subcommittee) presiding.

Mr. PETRI. The subcommittee will come to order.

Before we begin, I would like to ask unanimous consent that Representative Dan Lipinski be permitted to join the subcommittee for today's hearing.

Without objection, so ordered.

Today's hearing will focus on how we can improve the Nation's highway freight network. Current Federal surface transportation authorization MAP-21 expires September 30th of this year. As the subcommittee begins its work on drafting the successor to MAP-21, we must understand how we can improve the safety, efficiency and reliability of the Nation's highway freight network.

Safe and efficient movement of freight throughout the United States directly impacts the day-to-day lives of every one of our Nation's citizens. Basic necessities, such as food and clothing, rely on many modes of the freight transportation system to reach consumers. American businesses rely on an efficient, safe, reliable freight system to move their goods to domestic and to international markets.

The Nation's highway system is an essential part of the broader freight transportation system. Not every community is located adjacent to a railroad, airport, waterway or port, but consumer goods are almost invariably transported along the Nation's 4 million miles of highways and roads for at least part of the journey.

Furthermore, first and last mile connections to other modes of transportation are almost always made on the highway system. In 2011, the U.S. transportation system moved nearly 18 billion tons of goods valued at almost \$17 trillion. However, each day traffic on approximately 12,000 miles of the highway system is slowed below posted speed limits, and an additional 7,000 miles experience stop-and-go conditions.

In addition, America's reliance on the highway system is growing faster than the system is itself. The Federal Highway Administration estimates that in the next 30 years there will be 60 percent more freight that must be moved across the United States.

MAP-21 laid the foundation for a significant Federal focus on Federal mobility. Specifically MAP-21 set national freight policy by delineating specific goals related to freight mobility. MAP-21 also required the Secretary of Transportation to designate a national freight network and establish a strategic plan to meet the goals stipulated in the national freight policy.

Finally, MAP-21 encouraged the creation of State Freight Advisory Committees and the development of State freight plans. MAP-21 is set to expire on September 30th. Ensuring the safe, efficient and reliable movement of goods is a priority for this subcommittee in the reauthorization bill.

We have an impressive group of witnesses before us today, and I trust their testimony and experience will provide valuable insight into this important issue, and I thank each one of you for joining us and for the effort that you and your staff put into your prepared statement, the entirety of which will be made a part of the record.

The panel consists of the Honorable Mark Gottlieb, secretary of the Wisconsin Department of Transportation, and even more importantly, former mayor of Port Washington, the beautiful city, the Port of Ozaukee County, north of Milwaukee, who is testifying on behalf of the American Association of State Highway and Transportation Officials.

The Honorable Gerald Bennett, mayor of Palos Hills, Illinois, testifying on behalf of the Chicago Metropolitan Agency for Planning.

Henry Maier, president and chief executive officer of FedEx Ground.

And Susan Alt, senior vice president, public affairs for Volvo Group North America.

And before calling on the ranking member of the subcommittee, Ms. Norton, to make any remarks, I will be turning to Mr. Lipinski to introduce one of the witnesses. But, Ms. Norton, would you like to proceed first?

Ms. NORTON. If he is going to introduce one of the witnesses, maybe I should.

Mr. PETRI. You should go ahead, yes.

Ms. NORTON. Well, I thank you very much, Mr. Chairman.

Yesterday we had a stimulating and informative roundtable with a number of the key stakeholders as we prepare for the reauthorization. Today I think you have followed that roundtable with just the right hearing to focus on how we are going to facilitate what we, I suppose, euphemistically or perhaps correctly call "commerce."

Mr. Chairman, the American people understand all too well what we mean when we say we have got to transport people. They think about the roads and the highways. They think about their transit. They think about their cars, but I am not sure that they understand what makes this country great, and it is the transportation of goods so that those people can use the goods.

Our competitors certainly understand—not only our Western competitors, but particularly in the developing countries, that transportation networks are a focus for the new 21st-century global economy.

In this very area, Mr. Chairman, we see private industry investing in their own infrastructure. I have come to you about some con-

cerns my constituents have about the CSX Railroad Virginia Avenue tunnel expansion project. During my conversation with my constituents, I have tried to focus them on their particular neighborhood concerns while making them understand that CSX is engaged in a national transportation matter. So I have tried to focus them on what we can do to make sure this railroad, which is going to be right in their backyard as it is expanding, does not interfere with them.

What we have occurring in the State of Virginia as a result of the Panama Canal widening is quite extraordinary. The State of Virginia and private industry are putting gazillions of dollars into deepening the port and building infrastructure so that it connects to trucks and to the railroad. They know what they are doing.

The question is: What are we going to do? Because there are some things that only the Federal Government can do, and that is what has made this Nation great. Abraham Lincoln understood in the middle of the Civil War that he, nevertheless, had to connect the country and its goods and services, and so railroads were built right in the middle of the Civil War.

The President, I want to note, Mr. Chairman, in his transportation remarks yesterday and apparently in his budget is calling for something that puts us, I think, all on the same page. The only real program we have that is truly intermodal are, of course, the TIGER grants, and he is calling for increasing the funding available for TIGER grants to \$1.25 billion annually as part of the administration's surface transportation reauthorization proposal.

MAP-21 did include, frankly, justifiably included, a number of provisions that took account of the important Federal role in connecting parts of the country for freight and in understanding that we need a vision. I suppose that is where we should be going on, a true vision for freight transportation and making the resources available.

I take note, Mr. Chairman, also I was not on the Panel on 21st-Century Freight Transportation, but I am very impressed with the recommendations of the bipartisan freight panel and believe that they provide a vision.

It seems pretty clear that we have got to have dedicated investments for large multimodal freight projects. I remember yesterday a Member raised the notion that some members of the public, when they have to pay the user tax, either local or Federal, do not understand where all the money went, and I piped up then 94 percent of it goes right back to the States via formula, and we essentially are passthroughs, collection agents for the States.

But that money goes for individual State projects and has nothing to do with connecting or does not necessarily have to do with connecting the United States to one another when it comes to freight and goods. You cannot expect the local jurisdiction to accept the costs of doing that if the goods are merely going through its States.

These are broadly based freight projects which provide broadly based benefits, which impose substantial local costs if the local jurisdiction alone is left to pick them up, and what it means is it just will not get picked up.

Addressing the needs to invest in these Projects of National and Regional Significance, I believe, should be a priority in the reauthorization of MAP-21. We need first the vision. Then we need the plan, and then, of course, we cannot avoid our obligation to provide the means, which is to say the resources to build the infrastructure necessary for the movement of goods.

I thank the Panel on 21st-Century Freight Transportation for laying the groundwork for us to develop the policies and to make sure that we use this MAP-21 reauthorization to provide freight intermodal transportation systems appropriate for the 21st century.

Thank you very much, Mr. Chairman.

Mr. PETRI. Thank you.

And I would now like to call on Mr. Lipinski.

Mr. LIPINSKI. Thank you, Mr. Chairman.

I am here to introduce one of our witnesses, Gerry Bennett, and serving as mayor of the city of Palos Hills for over three decades, Gerry has been an outspoken advocate for uniting cities and villages.

He found and continues to serve as president of the Southwest Conference of Mayors and served as past chair of the Metropolitan Mayors Caucus and is currently a member of the Mayors Caucus Executive Committee.

He is also a past president of the Illinois Municipal League, and as representative from southwest Cook County, Gerry Bennett holds the position of chair of the Chicago Metropolitan Agency for Planning and its Executive Committee. And it is his experience at CMAP that makes him an expert on transportation, especially the topic of freight movement in the Nation's freight hub.

So I am very happy today to have with us Gerry Bennett to talk to us about freight movement, especially about the CREATE Program, a public-private partnership that has been very successful and is moving along well in the Chicago area.

Thank you.

Mr. PETRI. Thank you.

And I would ask unanimous consent that our witnesses' full statements be included in the record.

Without objection, so ordered.

And we now look forward to your summarizing those statements in approximately 5 minutes and then subjecting yourself to questioning from the panel, beginning with the Honorable Mark Gottlieb, secretary of the Wisconsin Department of Transportation, on behalf of the American Association of State Highway and Transportation Officials.

A warm welcome, Mark.

**TESTIMONY OF HON. MARK GOTTLIEB, P.E., SECRETARY, WISCONSIN DEPARTMENT OF TRANSPORTATION, ON BEHALF OF THE AMERICAN ASSOCIATION OF STATE HIGHWAY AND TRANSPORTATION OFFICIALS; HON. GERALD R. BENNETT, MAYOR, PALOS HILLS, ILLINOIS, ON BEHALF OF THE CHICAGO METROPOLITAN AGENCY FOR PLANNING; HENRY J. MAIER, PRESIDENT AND CHIEF EXECUTIVE OFFICER, FEDEX GROUND PACKAGE SYSTEM, INC.; AND SUSAN ALT, SENIOR VICE PRESIDENT FOR PUBLIC AFFAIRS, VOLVO GROUP NORTH AMERICA**

Mr. GOTTLIEB. Thank you. Good morning, Chairman Petri, Ranking Member Norton, and distinguished members of the subcommittee.

I am Mark Gottlieb, the secretary of the Wisconsin Department of Transportation, and I want to thank you for the opportunity to testify on behalf of AASHTO and the State DOTs on the importance of efficient and safe freight movement to our State's economies and to provide input on our freight transportation challenges and recommendations for the reauthorization of MAP-21.

Two issues I would like to address. First, because the economies of most of our States are tied to freight intensive industries, the States are investing their core formula Federal aid highway and bridge funds, along with State funds, to eliminate freight bottlenecks and improve capacity and reliability.

Second, the State DOTs support and want to collaborate with U.S. DOT on establishing a national multimodal freight policy, but the freight networks should be identified through a State-driven process. The States will continue to engage in performance based planning at all levels, local, State and regional, to drive investments that address freight needs.

The freight intensive sectors of our State economies, manufacturing, agriculture, construction, energy and merchandising, for example, account for about one-third of the U.S. economy. Competitiveness in these sectors is directly related to our ability to improve the safety and efficiency of our freight transportation system.

Freight moved in the United States is forecast to double between 2005 and 2035, from 16 billion to 31.4 billion tons, and 80 percent of that freight by tonnage and 94 percent by value is projected to move by truck, on the interstate, the NHS, and the feeder routes serving the first and last miles of the movement.

We recommend that Congress allow time for the program consolidation and performance reforms in MAP-21 to be put into practice, which we believe will lead to greater priority being given to freight projects. We urge you not to establish a new separate freight program with funding coming at the expense of the existing core highway programs which are already being invested in projects that benefit freight.

We support the establishment of an overall national freight transportation policy. However, we believe that designation of highway and freight networks cannot be accomplished through a top-down Federal process. A one-size-fits-all set of designation criteria fails to address unique, State-specific freight considerations.

The methodology used to designate the 27,000-mile national highway freight network resulted in critical gaps and omissions

and does not reflect many significant freight corridors operating within, between and among the States.

In Wisconsin, we have designated a multimodal freight network with significant stakeholder involvement, and we are engaged in various regional efforts to support multistate freight planning and operations, including the 10-State Mid-America Freight Coalition collaborating on a research planning operations and investment priorities for freight movement, and the Great Lakes Regional Transportation Operations Coalition, which includes 10 States, provinces and toll authorities. All of us are working together to improve operations to give our Great Lakes region a competitive edge.

We believe it is appropriate for the States to continue to be the focal point for addressing freight needs. We recommend that Congress replace the MAP-21 mileage caps for a primary highway freight network with a designation process undertaken by the State DOTs in consultation with MPOs, local governments, stakeholders, and U.S. DOT, giving the U.S. DOT the authority to add routes and/or corridors to ensure connectivity.

Moreover, we recommend that you give States additional flexibility to support multimodal freight planning efforts with expanded funding eligibility.

I would like to conclude with a comment on the status of the Highway Trust Fund. U.S. DOT estimates that the Trust Fund may run out of money as early as this summer. If this happens, FHWA will delay payments to States for projects already completed. We rely on prompt payments to pay our contractors and any delay will have serious economic consequences.

Moreover, unless Congress acts to either increase Trust Fund revenues or provide additional general fund support, the States will be unable to obligate any new Federal funds starting in fiscal year 2015. In both cases there will be immediate and direct impacts to our States' economies. A significant number of needed highway projects, including freight projects that underpin economic development and improved quality of life, will be delayed or canceled.

We look forward to working with you to address our Nation's freight challenges and to offer our suggestions and views as you tackle reauthorization of the Federal Aid Highway Program.

I appreciate the opportunity to testify today, and I look forward to your questions.

Mr. PETRI. Thank you.

Mayor Bennett.

Mr. BENNETT. Thank you, Mr. Chairman. I want to thank you, the committee, and Congressman Lipinski for this opportunity to testify.

Mr. PETRI. Would you put your microphone on? Yes, is the mic on?

Mr. BENNETT. How is that?

Mr. PETRI. Yes.

Mr. BENNETT. Thank you, Chairman—do I get those seconds back, I guess?—for this opportunity to testify. I would like to thank you, the committee members, Congressman Lipinski for your efforts in support of transportation and freight, in particular.

My agency, the Chicago Metropolitan Agency for Planning, CMAP, elevated freight as a high priority within our region's

award winning Go to 2040 comprehensive plan. Our region is an unparalleled hub not only of domestic but also international freight.

Over a billion tons of freight worth more than \$3 trillion move through the Chicago region each year. A quarter of all U.S. freight and nearly all U.S. intermodal freight originates, terminates or passes through Metropolitan Chicago. Nearly half of the freight in the region is through traffic, an indication of our central role in the national freight system.

To address freight congestion, the Chicago Region Environmental and Transportation Efficiency Program, called CREATE, the first in this Nation, was established in 2003. This is a public-private partnership of the U.S. Department of Transportation, the Illinois Department of Transportation, and the Chicago Department of Transportation, AMTRAK, the region's Metra Transit System, and private railroads.

CREATE is dedicated to implementing specific rail improvements in and around the Chicago area. Its 70 projects include new flyovers, grade separations, improved signaling, equipment modernization, and as of November 2013, 20 projects have been completed and 9 more are under construction.

Most of the completed projects are rail improvements, many of which are on the belt corridor that circles Chicago to the west and south, with connections to multiple railroads. Eight of the eleven belt corridor projects have been completed and another is under construction.

In contrast, relatively few projects move forward to mitigate freight's negative impacts on local communities. Only 3 of CREATE's 25 highway rail grade separation projects have been completed and only 3 are under construction. In fact, due to the lack of funding, 13 grade separations have not started at all and not one of the program's 7 passenger corridor projects was completed in the past 10 years.

This is also highly problematic because in a truly intermodal economy, grade separations facilitate the movement of truck traffic through the region. We need more Federal investments to help complete these projects.

CREATE affects the global economic competitiveness not just of our State but the U.S. as a whole. The entire project is estimated to cost \$3.8 billion, but there is a \$2.5 billion funding gap. Through the efforts of Congressman Lipinski, CREATE received initial Federal funding of \$100 million through the SAFETEA-LU Projects of National and Regional Significance—PNRS Program.

About one-third of CREATE funding to date has come from Federal sources, including PNRS, TIGER, and the ARRA High-Speed Rail Program. These Federal investments have also been leveraged by more than \$400 million through the State of Illinois capital programs, but without a dedicated source such as PNRS, CREATE and other vitally important freight partnerships cannot make adequate progress.

Due to freight's national importance, continued Federal assistance is critical. In some respects, the 2-year MAP-21 reauthorization does more to recognize the vital role of freight in the U.S. economy. However, CMAP's position is that MAP-21 missed an op-

portunity to address freight needs comprehensively with adequate funding that treats all modes strategically.

Furthermore, MAP-21 should have formalized the role of metropolitan regions in the development of recommended State freight plans.

CMAA is not alone in this position. With some of the largest metropolitan regions in the country, we have developed three principles for freight in the next transportation reauthorization bill: one, integrate metropolitan regions into the freight investment decisionmaking process; two, dedicate a range of funding sources and authorize a minimum of \$2 billion funding per year for freight investment, consistent with proposals from the national freight advocacy organizations; and three, redefine the national freight network to comprise a multimodal transportation system.

Redefine the national freight network to comprise a multimodal transportation system. We support a robust Federal freight policy. It is time for the Federal Government to provide the leadership and resources to support a resilient national freight network.

Mr. PETRI. Thank you.

Mr. Maier.

Mr. MAIER. Chairman Petri, Ranking Member Norton, and distinguished members of the subcommittee, thank you for giving FedEx the opportunity to testify today. We commend this subcommittee for recognizing the critical importance of our Nation's transportation infrastructure.

This is a topic of utmost importance to millions of FedEx customers and stakeholders and one that absolutely positively affects our country's ability to compete in the global marketplace.

I am president and CEO of FedEx Ground, one of the four primary operating companies, along with FedEx Express, FedEx Freight, and FedEx Services. Together our companies provide a broad portfolio of transportation, e-commerce, and business services that generate revenues of \$45 billion a year.

In so doing, we deploy 300,000 team members, 643 aircraft, and 100,000 surface vehicles to deliver more than 10 million shipments a day.

FedEx is part of a global multimodal transportation and logistics industry that provides millions of jobs to Americans, enriches consumer choice, and creates new markets for U.S. businesses.

We also understand highways are the bedrock of this system as the vast majority of freight is and will continue to be transported by trucks. If you've had the opportunity to review our written testimony submitted prior to today's meeting, you will note our three key recommendations for improving the Nation's highway freight network.

First, we need a sound highway bill with adequate sources of funding and one that provides opportunities for innovative ways to enhance productivity, including the use of 33-foot trailers.

Secondly, we need a Congress that is willing to support the adoption of new technologies that will make our highway freight network safer, more efficient and more sustainable.

And lastly, we need to redefine the infrastructure debate in the U.S. so that everybody understands what's at stake. It's not simply about longer passenger commutes and inconvenient traffic jams,

but protecting the economy, enhancing competitiveness to create jobs in supporting a high quality of life for all Americans today and tomorrow.

Two issues in particular threaten the safe, reliable and efficient movement of freight on our Nation's highways: traffic congestion and infrastructure deterioration. Research indicates that traffic congestion in 498 U.S. cities extracted a \$121 billion toll on the U.S. economy in 2011. More than 20 percent of those costs were absorbed by the trucking industry and passed along to consumers.

More than two-thirds of all U.S. domestic freight tonnage moves by truck, and the volume of freight moving by truck will more than double by 2035. If we think traffic congestion is bad today, imagine twice as many trucks on our highways, not to mention more passenger vehicles.

The deterioration of our Nation's highways and bridges is fast reaching crisis proportions. As a business whose customers depend on us for fast and reliable service, we can attest that impassable roads and bridges lead to increased costs, service delays, and untold equipment damage.

Alarming, investment in any solution may be at risk this year if Congress does not pass a well-funded highway bill, and since the current bill expires in September, time is of the essence.

It is also crucial that we stabilize the National Highway Trust Fund which, if left unaddressed, is on the brink of becoming insolvent this summer. Clearly there are no easy answers, but the first step would be to establish a national strategic plan to address infrastructure needs and to identify sources of funding, both immediate and long term.

One sure way we can help move freight more efficiently is by exploring innovative solutions to maximizing our existing infrastructure by modernizing U.S. trucking equipment standards. We and many of our industry colleagues strongly support the proposal to increase the national standard for twin trailers from the existing 28 feet to 33 feet. It is important that this solution does not, and I will repeat, does not require any change to gross vehicle weight, and in fact should reduce the burden on our Nation's highways by significantly slashing the number of trips and miles required to move freight.

This innovation promises to deliver tremendous value, but it cannot be implemented without Congress modernizing our transportation policy.

In closing, the time is at hand to advance a national strategic plan for prioritizing investment in the critical projects to most effectively address our highways' freight network. Our country's future depends on it.

Thank you, again, for the opportunity to address these critical items, and I'm happy and looking forward to addressing any questions you may have.

Mr. PETRI. Thank you.

Ms. ALT.

Ms. ALT. Chairman Petri, Ranking Member Norton, and distinguished members of the subcommittee, I would like to thank you for the opportunity to testify before you today.

My name is Susan Alt. I am the senior vice president for public affairs for Volvo Group. I have a background in logistics, having run Volvo's North American supply chain operations for 5 years.

In the United States Volvo Group manufactures heavy trucks under the brand names of Mack Trucks, Volvo Trucks, Volvo construction equipment, Volvo Penta marine engines, Prevost and Nova transit coaches and city buses. The Volvo Group has six manufacturing facilities in the United States, in the States of Virginia, Tennessee, Maryland, Pennsylvania, New York and we are headquartered in North Carolina. We employ more than 12,000 people in the U.S., and we have invested nearly \$1.5 billion in our manufacturing facilities in the last 10 years.

We rely on more than 50,000 truckloads of freight, of material coming into our factories each year. We rely heavily on the Ports of Norfolk and Baltimore to import 25 percent of our production material, and those same ports plus the Port of Charleston, South Carolina, for the export of our finished goods.

We rely on the entire Interstate Highway System for the movement of our material, most notably Interstate 81, as four of our factories are located on or very near it. It is America's infrastructure that makes all of this possible.

The health of America's freight network matters because it is important that our American manufacturing operations remain competitive in a global economy.

In recent years the industry has embraced "just in time" or lean manufacturing philosophies that reduce manufacturing material in the production line. This new efficiency has manifested as a substantial benefit to Volvo, our customers and the economy as a whole.

However, to be efficient, we have to have the right material at the right place at the right time. In modern manufacturing, we cannot have excess inventory in our assembly or our delivery process. We deliver parts to the production line just as it is needed for assembly. Our ability to move parts from our supplier to our factory and finished goods from our factory to our end customer relies on the infrastructure of America.

There are disturbances we can plan for, but what we cannot control for is unexpected delays due to congestion. This is where we get into real trouble. When, for example, a truck is caught in a traffic jam and cannot make its delivery, the ripple effect of that one delivery can be costly.

It means we do not build the product on time, tying up capital. It means the product will have to be reworked, tying up man-hours, not following manufacturing quality processes. It means sending workers home early. It means not delivering to the customer on time and hurting our competitiveness all because of that one missed shipment.

This committee's own Panel on 21st-Century Freight Transportation recognized that "the current state of highway infrastructure does not adequately serve the needs of those moving goods across the Nation." We agree.

Volvo Group urges lawmakers to address this challenge directly and with a clear purpose. Logistics is all about planning. Congress needs to provide a long-term plan or the country will suffer.

We recognize the choices are difficult, but with a 20-percent cost disadvantage to doing business in the United States, investment and improvements to our Nation's transportation infrastructure are critical to manufacturers' ability to compete and to create jobs.

Infrastructure investment must be considered as a long-term strategic objective. Volvo believes that a fully funded 6-year reauthorization is needed to address the already well documented persistent challenges that are facing our transportation system. You have heard from the gentlemen before me. Every mode of transportation is expected to increase the next several years.

Let me give you an example. Our largest truck factory sits in southwest Virginia along Interstate 81. The plant employs some 2,300 workers and is a major employer in the region. We have a large amount of material that travels south on I-81 along a stretch of mountains near Blacksburg, Virginia. Until a third truck lane was added, that area was the site of many accidents resulting in frequent delivery delays and production disruptions for our factory.

Since the opening of the third truck lane, we have seen a marked improvement on our on-time deliveries from that route. This is a real world example of savings that directly benefits our customers.

Transportation moves America. A strong infrastructure has a direct and vital impact on America's competitiveness. If America is to continue to lead the way in high-value, state-of-the-art manufacturing, our infrastructure can no longer get by on the status quo.

Thank you for the opportunity. I look forward to your questions.

Mr. PETRI. Thank you. Thank you all.

Let me begin questions by asking Secretary Gottlieb. We are experiencing the current MAP-21 legislation that was passed about a year ago now or some time ago, and one of its goals was to try to simplify just to consolidate and give a little more flexibility to the States. I wonder if you could comment on what impact this consolidation of different service transportation programs has had on giving additional flexibility for you and your colleagues at other State departments of transportation.

Has it really made any difference or could you bring that to life for us a little bit?

Mr. GOTTLIEB. Thank you. Sure.

I think that, yes, there were a couple of things that were positives, obviously, that came out of MAP-21. One was program consolidation, which gives the States greater flexibility. Also, certainly the move towards greater user performance measures was also a very positive, as was project streamlining.

I think what this has given us the ability to do as States is to use those dollars in those core programs to set priorities, to make targeted investments where we know that we need to make them in our State. You know, those could be targeted investments to support the more efficient movement of freight. It could be in other areas as well, but I think the program flexibility has been a great benefit to us.

Mr. PETRI. Thank you.

I have had the chance and some others on the committee; I know Mr. Lipinski certainly has visited what we call the Chicago bottleneck. This is where the railroad industry came together 150 years ago. Trains went to Chicago, and they went west from Chicago, and

you can go to the center of Chicago and north, south, east, west tracks are the same grade level. They have to stop and wait for each other. I understand anyone who sees railroad cars up in my part of that area they are covered with graffiti because these trains stopped for hours or days negotiating their way through Chicago.

And we understand still they take freight off one railroad, put it on trucks, drive it through Chicago to another railroad. In this age of "just in time" delivery and mobility, this is a significant burden on commerce, and certainly we are in the "lee" of that. Wisconsin to get to the east coast has to go through the Chicago region. A lot of other States in the whole area are similarly affected.

So it is a major national priority. Railroads have been working on railroad yards outside the Chicago area in Wall County and other areas to try to avoid that. The Canadian National Railway controversy, they bought a bypass around the region.

Can you discuss where we are? If you can just have reliable delivery, not quick delivery, it makes a big difference. People can get trucks off the road and use the rail system for supplying factory and delivering value-added goods. Otherwise they are stuck with bulk commodities where the timing does not make much difference.

Can you discuss the importance of that? It is a major issue certainly for us in our region.

Mr. BENNETT. Thank you, Mr. Chairman, especially to be familiar with the Chicago Metropolitan Agency for Planning.

Certainly the money that has been parlayed so far, almost \$1.1 billion, has made significant and addressed significant concerns that we have with rail, the actual rail, moving it in and around Chicago.

You know, the story was it would take 2 days to go from Los Angeles to Chicago and 2 days through Chicago and then another 2 days to the east coast. Six of the seven major national Class I railroads come through the Chicago metropolitan area.

So CREATE, which was innovative and unique back in 2003, the first major comprehensive plan for moving freight, and a comprehensive base of intermodal, and I am listening to also the private industry here, and certainly the problems we face in the metro area are multimodal.

We are addressing the train configurations, but more importantly the at grade crossings. Only 3 of 25 that we have put into our plan have been addressed, and I know that the gentlemen in the trucking and service industry understand the significance of delay through freight on surface roads through the metropolitan area.

We have a plan. The problem is we need help. We need the Federal Government to understand that every dollar that they have invested in past capital programs for infrastructure, highway transportation, it comes back tenfold. The investment that is made by the Federal Government, every dollar that comes into the Treasury and goes out, as the minority leader has said, it is a well invested amount of money.

People understand that, and as a former mayor, now at the State level, and as a mayor for 33 years, I clearly understand what people appreciate in their dollars being spent. In the area of highways, they understand it.

Recently the tollway system throughout our metro area, \$12 billion in a tollway system that is being invested, and it is going to be a world-class highway system. A little controversy because of the tolls, but people understood to make that investment, to bring about movement of freight and passenger, it is well invested.

So I plead with this committee to understand the needs of freight in our region, and certainly the public-private partnership that we have done with the CREATE Program and certainly with the leadership of Congressman Lipinski in helping us do that.

Thank you, Congressman.

Mr. PETRI. Thank you.

Ranking Member Norton.

Ms. NORTON. Thank you, Mr. Chairman.

Now, we recognize that freight related activities are eligible for Federal highway funds and compete apparently for those funds with other needs. MAP-21 further incentivized freight by raising the Federal share for such projects, but I think these are questions really for Mr. Bennett and Mr. Gottlieb.

Mr. Gottlieb, the so-called CREATE Project, is that funded entirely by the State of Illinois?

Mr. BENNETT. No, Congressman. There was initially \$100 million that Congressman Lipinski was able to secure. We received ARRA and TIGER grant money over the years. Of the \$1.1 billion, about \$400 million has been invested by the Federal Government. The rest has been parlayed by the State of Illinois and our railroad partners.

Ms. NORTON. And yet this is a crossroads of the United States, perhaps dramatically pointing to the need to create a stronger focus.

We note that with the TIGER grants, which are probably the only lump sum we have for such intermodal projects, when freight competes with what people experience every day, which is getting in their own cars, freight sometimes loses out.

So my question here goes to how do we get the focus on funding freight. When you consider, for example, that MAP-21 scratches the surface, if you will forgive the pun, of just daily transportation across the roads, of course freight uses that, too, but do you think, for example, that there should be a separate set-aside for freight? Do you think there should be a freight-only fund?

Should there be a freight user fee? If we wanted to pump some real money into this fast, I am looking for how you would regard the best way to do that. Any of you, I would appreciate the responses of any of you on how to do that.

Mr. Gottlieb.

Mr. GOTTLIEB. Thank you.

Sure, I think our answer would be that, first and foremost, we would like to see adequate funding, adequate long-term funding for the core programs.

Ms. NORTON. For the what?

Mr. GOTTLIEB. For the core highway programs because we are making—

Ms. NORTON. We need more funding, yes.

Mr. GOTTLIEB. Right.

Ms. NORTON. And you know the problems we are having on getting an increase in the user fee.

Mr. GOTTLIEB. Correct. We are making, as I said, we are making investments in freight. All the States are making investments in freight out of their dollars in the core program. So if there was going to be a special freight program, our recommendation would be that it would not be a carve-out of funds from the core programs, that it would be over on top of that, and also that it would be——

Ms. NORTON. How would that be funded do you think?

Mr. GOTTLIEB. As you said, it could be funded by user fees, by freight user fees, yes.

Ms. NORTON. Mr. Bennett?

Mr. BENNETT. Yes, Congressman, I think you have really answered your own question, and as I have indicated in my testimony, the innovative ways of partnering with the private sector and/or through the use of some type of user fee is clearly the way to fund it going forward.

We understand. I do a municipal budget. We do a State budget, and we understand the limitations of expenditures of money and where new revenue must come from. Honestly, you know, whether the MAP-21 or prior to that SAFETEA-LU and a gas tax did not tie it to the rate of inflation, which should have been done, over the year could have been done, but going forward, that needs to be considered.

And certainly our private partners, we have shown in the CREATE Program, are willing to also additionally make that type of investment, but coming from the Government side of Federal side, if that needs to be, I think people are openminded as to that proposal.

Ms. NORTON. Well, let me ask our two business representatives whether their businesses and whether they think the business community would be willing to contribute towards a freight user fee. That would be over and above, I suppose, what they already do on the highways. It costs them more to use the highways, et cetera.

Ms. ALT. So I would say, in a word, no. The consumers would not want to. The industry itself, the trucking industry itself has not been opposed to paying higher user fees by way of increased diesel tax. So the actual users themselves are not opposed to it. The consumers, as it does get increased, the consumers will ultimately pay it, but I do not think that the consumers would accept the tax or an increase.

Ms. NORTON. You do not think the consumers would what?

Ms. ALT. I do not think the consumers would accept an increase for freight because they do not appreciate the fact that it is the freight that brings them everything that they have every day.

Ms. NORTON. Yes, of course, the consumers. That is to say it is in the States that we see people raising their own gas taxes when the Federal Government refuses to do so.

Mr. Maier, finally?

Mr. MAIER. Yes. FedEx supports reasonable and efficient funding mechanisms to improve our Nation's infrastructure, and we urge Congress to conduct a thorough review of all the available options.

But with respect to our business, let me just say this. Aging infrastructure has both direct and indirect costs on our business. The first is our business relies on fast, reliable and cost efficient transportation, and our businesses and our customers that we serve rely on us to deliver that service as well.

Delays caused by aging infrastructure directly affect our ability to perform that service and, in turn, as Ms. Alt said, have a ripple effect through the economy. When we do not deliver on time, I mean, you know, there are consequences in the marketplace.

And notwithstanding that, aging infrastructure has a very deleterious effect on the wear and tear on our equipment and vehicles.

Ms. NORTON. So would you be willing to support a freight user fee to quickly get funds into reducing the very issues you've raised?

Mr. MAIER. We will support reasonable and efficient funding mechanisms.

Ms. NORTON. Thank you, Mr. Chairman.

Mr. PETRI. Thank you.

Representative Mullin.

Mr. MULLIN. Thank you, Mr. Chairman.

You know, we talk about a lot of funding needs here. Obviously, there is a tremendous amount of funding issues, but we are talking about just putting a Band-Aid on a system that is way behind.

You know, I have operated a business for 17 years and still do and am proud to do so, but if I just operated on today's needs, I would never build or prepare for the future. I would never be able to grow and know where I am headed, and we cannot just focus on finding enough funds today. We need to be paying attention to where we are going 20 years from now.

You know, we look at the infrastructure we are using. The generation behind us that built this, they had a vision. They had a plan. They were building the infrastructure for future growth, and, Mr. Maier, I know FedEx spends a tremendous amount of time on looking ahead. We have had an opportunity to visit with you all. We have had an opportunity to come see your place. As a business guy, it makes me feel very inadequate seeing what you guys are doing.

Where are you seeing the future growth? Where do we need to be investing not only fix, but what are the areas we should be investing in to be paying attention to 20 years from now, predicting where your deliveries are going to go?

Mr. MAIER. Well, that is a great question, and thanks for it.

If you look at our business today, the fundamental change that is occurring is e-commerce, which means that, you know, 10 or 15 years ago packages went primarily to businesses. You know, with the growth of the World Wide Web and shopping online, more and more of our packages are going to people's homes. And to be frank, I mean, that has changed the business. Package weights have come down, for instance, as shipments that used to be destined to a manufacturing facility or a distributor or to a retail store, those packages are now becoming smaller because they are going directly to somebody's home.

And in our business, our volume, and this would be LTL and certainly parcel express or ground, our business goes to where people are. So you have to look at population centers.

Mr. MULLIN. Are you seeing that we need to build additional needs to those or do you see an opportunity to say, "Hey, one area is getting too full. Let us expand it to another area"?

Mr. MAIER. I think our need to invest in the infrastructure of the country is nationwide.

Mr. MULLIN. Right.

Mr. MAIER. I will give you a personal example here. FedEx Ground is headquartered just outside of Pittsburgh. Last fall the Pennsylvania Department of Transportation imposed weight limits on approximately 1,000 bridges in the State. Now, they did that to slow deterioration and extend the operational life of the bridges pending the approval of transportation funding legislation that was subsequently signed last November.

This requires transportation companies like ours to take alternate routes to go around those bridges and adds time and cost. We burn more fuel. We create more carbon emission. I mean, it requires us to engineer our network differently based on those changes, and that creates, you know, costs that we have to figure out how to cover somehow.

Mr. MULLIN. Another quick question to you. Where did the 33 feet come from, going from 28 to 33?

Mr. MAIER. As a result of the TEA-21 highway reauthorization bill which was passed in 1998, the Transportation Research Board was asked to make recommendations regarding truck productivity. In the study (Special Report 267), it was recommended that the double 33-foot configuration should be immediately authorized without the need for additional analysis. It is roughly 18 percent more capacity. We have been running these trailers in the State of Florida since 2010. I think we have got just short of half a million miles on those trips, 100 percent safe.

Mr. MULLIN. Any increase on accidents?

Mr. MAIER. None, none. In fact, we have not had any accidents on it.

The drivers who participate in those runs have told us they believe that these trailers are actually safer than the 28s because they tend to be more stable going down the road, and they track better behind the power unit, and they would prefer to pull these instead of the 28s.

Mr. MULLIN. What kind of push-back are you getting on this? It just takes Congress to act?

Mr. MAIER. It takes Congress to act. There are only 11 States in the country that allow the use of 33 footers within the border. We need Congress to change the policy so that we can use them nationwide.

Mr. MULLIN. Right.

Mr. MAIER. The last time Congress made a change was in 1982.

Mr. MULLIN. Something I am going to add to this. We just cannot just simply be talking about a fuel tax, and we cannot simply be talking about just a diesel tax, I mean gasoline and diesel. It does not work that way. We have electric vehicles. Ms. Norton and I have talked about that multiple times. She drives an electric vehicle. She is a freeloader. I pay her way because I drive an F-250 diesel. No offense to her, but we have talked about it. We joke about this all the time.

Plus we have got natural gas vehicles on the road. My company has installed hundreds, if not thousands, of these in-home filling stations, and we have to think outside the box. We cannot just simply be talking about paying for it at the pump. We have got to go farther back.

We have got to eliminate the use of fraud. We have got to eliminate the opportunity to have people that are using the infrastructure not pay for the infrastructure. There is not one single American that lives in this country or comes in business with this country that does not use our infrastructure. I do not care if you do not own a vehicle or if you do own a vehicle. There are taxis. There are buses. There are deliveries. There is electric. There are pipelines. That is the infrastructure, not just our highways.

We have got to look outside the box and broaden our horizon and pay attention to how far back down the line we need to go to capture, to let everybody invest in our infrastructure because it is an investment. We are successful because of the infrastructure we have. We will fail if our infrastructure fails.

Mr. Chairman, thank you for allowing me to go over, and I appreciate the time.

Mr. PETRI. Thank you.

Mr. Sires.

Mr. SIRES. Thank you, Mr. Chairman, for putting this hearing together and thank you for being here.

I always like to hear from the business world and certainly from former mayors because you have your hands in there day in and day out, and your comments are very important.

I represent a section of New Jersey, the northern part, where the ports are key obviously to a lot of jobs. Almost a quarter of a million jobs come from the ports. We have an issue now with the Bayonne Bridge. We have to raise it because of the tankers coming in. That is just going to increase freight movement.

I also represent part of the airport. So I have a district where moving freight is important. And talking about tolls, every time you blink in New Jersey you have to pay a toll. So it is unfortunate, but we have to do that to move freight around.

I also served on the Panel on 21st-Century Freight Transportation where we went around having hearings throughout the State, and throughout the panel's proceeding it was made very clear to me that freight projects face significant barriers in securing funding under the current Federal aid highway program.

Given the significant backlog that we have in maintenance and reconstruction needs faced in each State, particularly in large projects, multijurisdictional projects, in my assessment they do not fare well in flat funded, State-based formula program.

So I was wondering what do you think of that assessment?

Mr. BENNETT. Congressman, I think in our area, the Chicago Metropolitan Agency for Planning, which we put together almost 7 years ago, for the purpose of a comprehensive plan on sustainability in every aspect of life and certainly in the area of CREATE, which we took under our umbrella, it is a plan.

To answer the congressman's question, it is a 20-year plan as to how we are going to move and invest in freight because it is intermodal. It is not just the passenger trains. It is not the freight

trains. It is the trucking intermodal aspects of that in our region and the impact on that is significant.

I believe that cooperation and coordination through an agency which we have at CMAP in our region, and I think across the Nation more and more metropolitan areas are understanding that and the need to be comprehensive in their planning and to bring a partnership together not just to the public sector, but also very much the private sector in our metropolitan region.

So we are very proud of what we are doing in the Chicago area, but we need that help. We need that Federal infusion of additional dollars to parlay even more money.

And I agree with the congressman also. We have to think outside the box, and we are doing that at CMAP. We are meeting with mayors. We are meeting with our State representatives and trying to understand creative ways of coming up with funding, again, whether it is a partnership with the private sector or a variation of type of user fees.

But, again, I will repeat as a former mayor, and the Department of Highways in Wisconsin, certainly as a current mayor, we understand there are two things in life as a mayor: public safety and public works. And for this country certainly national defense, and I do not want to get political here, but certainly the investment in your public works, the infrastructure of this country is absolutely an investment well made that is going to parlay more money for Congress, more money to generate overall with jobs in the country.

I do not have to relay that to you, but it certainly should be the second most important priority in this country, is investment in our infrastructure.

Mr. SIRES. Mayor, do you agree with the flat funded formula, a Federal flat funded formula?

Mr. GOTTLIEB. You know, I would say the unique thing about freight in some respects is that it does lend itself to projects of more regional and national significance, and so, you know, we are pleased that things like TIGER take account for that.

You know, there was some money authorized in MAP-21 for freight Projects of National and Regional Significance. Again though I think our core message is we want to make sure that we have adequate, sustainable funding ongoing for our core programs, but certainly over and above that there will be projects of national significance.

As I said in my testimony, we are working very closely with other States in our region to improve operations specifically and to do better research into the movement of freight, to harmonize our regulatory activities with regard to freight so that, you know, private shippers can move more quickly and seamlessly with less friction from State to State, and clearly those are important issues, yes.

Mr. SIRES. How involved do you think the Federal Government should be when there are different States involved when you have a large project?

I know we have that issue between New York and New Jersey. It is always very contentious, you know, sometimes.

Mr. GOTTLIEB. Congressman, I do not know if that is half political or part political, but certainly it has to start with a plan and

who has a plan and if that plan is long range. And I think looking at the most—

Mr. SIRES. How involved should the Federal Government be?

Mr. GOTTLIEB. Who has the most invested out here? And really you could probably divide it into seven or eight or nine major regional areas of significance of where that investment should take place.

Mr. PETRI. Thank you.

Mr. Ribble.

Mr. RIBBLE. Thank you, Mr. Chairman.

Thank you to the panel. This has been a really helpful discussion, and I want to especially thank my own secretary of transportation, Mr. Gottlieb, for coming in today.

My first question is to you, Mr. Secretary. I would like you just to take your association hat off and put your secretary of transportation hat back on for a minute.

In your written testimony, you talked a little bit about Wisconsin's truck size and weight study, and you and I have had some conversations about this in the past. As you know, like many States in the country, Wisconsin allows heavier trucks to travel on State roads, in many cases to transport dairy products or timber products that often get traveled on or transported on highways or roads in the northern tier of the United States.

Can you talk a bit about some of the benefits of providing States flexibility in allowing them to maybe have heavier trucks on interstates and to provide that flexibility, not necessarily mandating it but providing it, and what reforms to the vehicles themselves, adding axles and things like that would you consider?

Mr. GOTTLIEB. Yes. Thank you for that question.

As you said, you know, each State has a unique operational infrastructure characteristics and so forth. AASHTO does not really take a policy on those kind of issues, but I am happy to answer your question from the perspective of Wisconsin DOT.

We have placed a great emphasis over the last few years. As you said, back in 2009, we completed a very comprehensive truck size and weight study, really looking at sort of that relationship between increasing economic efficiency that you can get from certain heavier and larger trucks and weighing that off against making sure that we are protecting the safety of the traveling public and that we are meeting our responsibilities to protect our infrastructure.

So looking at that, we have had, I think, considerable success in a very data driven, analytical way at making some statutory changes that allows the operation of certain heavier vehicles with different configurations to protect infrastructure and to protect safety, operate those vehicles off the interstate system, and we have seen, I think, significant efficiencies and economic benefit, as you said, particularly to two industries: the movement of agricultural commodities, and our agricultural industry in Wisconsin is really now a world industry. It is competitive on a world basis, on a global economy. So they need to get those efficiencies.

Also, as you said with regard to the movement of timber and the paper industry, it is very important in the State. So working together with our own State legislature, I think we have had some

success sort of making that balance in doing that, which has given us, I think, some economic efficiencies for our State and made our businesses more competitive.

If we had the flexibility to extend that to the interstate system, we would certainly want to make those same kind of data driven analyses that we make on our own system about safety and about infrastructure protection, but if we had the flexibility to do that, I think we could take some of the economic benefits that we have realized on our own system and there would be a force multiplier effect to that if we had that flexibility in our State as well.

Mr. RIBBLE. All right. Thank you for that.

And, Ms. Alt, if I could maybe just direct a question to you, in your testimony you mentioned, "We employ more than 12,000 people in the United States and have invested nearly \$1.5 billion in our facilities in the last 10 years."

Thank you for doing that, by the way, but my question goes specifically to the Federal excise tax as it relates to truck sales. I would like to see Volvo have 15,000 or 20,000 people building trucks in the United States and moving goods and services about.

I have got two questions for you. Is the 12 percent an encumbrance? Is it too high or is it the right spot?

And I want to also ask you specifically if you have noticed any change in behavior from consumers who buy your products as it relates to the conversion to greener vehicles, compressed natural gas and things like that because that 12-percent tax also applies to the upgrades on these vehicles.

Can you talk a little bit about that? And if you feel that that should be changed, lowered or eliminated, whatever, how would you replace those revenues into the Highway Trust Fund?

Ms. ALT. Yes. So the Federal excise tax is 12 percent of the purchase price of the vehicle. Taking natural gas aside for a second, since 2010 the cost of the typical truck has gone up from an average of around \$100,000 to \$125,000.

Mr. RIBBLE. Which you add 12 percent to.

Ms. ALT. And you add 12 percent to the purchase price, and the \$25,000 increase has come from emission reduction control systems. So we have cleaner trucks. They are the cleanest they ever have been, and that is a great thing, but they cost a whole lot more to produce.

So in the last 4 years, Federal excise tax went from \$12,000 on a \$100,000 truck to now another \$3,000 more just to meet emissions. So the Federal excise tax already has been dramatically increased because the purchase price of the trucks has gone up so dramatically because of emissions.

When we sell a truck with natural gas, primarily because the fuel tanks themselves are very expensive, you are now getting to sometimes as close to \$200,000 for the cost of a truck, and regardless of a cleaner truck or a lower emission truck, you are paying 12 percent on the purchase price of that truck.

So it is hard for the buyer to actually have to pay that extra tax. So they are being burdened. If you took away the Federal excise tax to offset that, again, the trucking industry has not opposed increases to diesel tax. That is probably your easiest and fastest way to offset that.

Mr. RIBBLE. Mr. Chairman, could I have another minute?  
Oh, I am fine. I yield back. Thank you.

Mr. PETRI. Thank you.

Ms. Hahn, if you want to yield a little time?

Ms. HAHN. I would not mind giving you an extra minute.

Mr. RIBBLE. I thank the gentlelady for yielding.

Along that same lines then, if the tax was reduced and we offset it with an increase in diesel fuel tax so that the trust fund stayed in the same place, do you think your sales would increase? Would more customers buy the product, hence helping you add more jobs?

Ms. ALT. Yes, and they would be buying new trucks, new trucks with new technology like the electronic braking systems and adaptive cruise control, all of those safety technologies on the new trucks. It would encourage them to do that rather than keeping their older trucks longer that do not have that technology or are not as clean emission-wise, absolutely.

Mr. RIBBLE. So you would be safer, cleaner, more efficient.

Ms. ALT. Safer, cleaner and more efficient.

Mr. RIBBLE. And we could maybe fix a problem and you could add jobs.

Thank you for that, and, Ms. Hahn, thank you for yielding.

Ms. HAHN. That was a well-used minute. Thank you.

Thank you, and I am glad we are having a discussion, and as Markwayne Mullin pointed out that I always talk about, I have driven an electric vehicle now for 2½ years. So I have not been to a gas station in 2½ years, but I am driving the roads, and as we move toward more fuel efficient vehicles, and I am hoping the technology exists to build a long-haul electric truck in our future, so we do have to think outside of the box.

Now, we in Los Angeles County have raised our sales tax regularly over the years to pay for transportation projects because we feel like there are a lot of people who come into Los Angeles County for various reasons, you know, using our roads, but may not contribute directly to the maintenance and repair of them.

One thing I was going to touch on is congestion that many of you have sort of touched on and sort of the last mile delays. I represent the Port of Los Angeles. So between Los Angeles and Long Beach Ports, about 44 percent of the trade comes through our port complex to the rest of the country. I have been told that cargo gets diverted sometimes from Los Angeles and Long Beach not necessarily because of any kind of cargo fees or environmental regulations that we may place on the transporting of goods, it is the land-side congestion. That is what probably determines how various companies and shippers decide to use our ports.

And it has been alluded to that cargo leaves Los Angeles and takes maybe 48 hours to get to Chicago and then another 30 hours to get through Chicago.

What do you think are some proposals out there? What are the best proposals we have out there for that last mile before it leaves or meets its destination of our cargo? And what can we do to really ease congestion, which in my mind will certainly help you on your own time deliveries?

It also reduces pollution. We know that when trucks line up for that last hour queue getting in and out of ports, that is sometimes the worst pollution in those neighboring communities.

So maybe, Mr. Maier and Ms. Alt, since you have a background in logistics, what is a proposal out there or a recommendation that we could make to ease congestion in the last mile?

Ms. ALT. So one of the unique things, it would be great. We have electric trucks, but the big, heavy ones we would not be able to haul any load because we would have 50,000 pounds of batteries unfortunately.

But there is kind of a hybrid to that, and that is called a catenary system.

Ms. HAHN. Right.

Ms. ALT. Where the truck is moving along and it is picking up electricity on the wires above it.

Ms. HAHN. We actually have a pilot program.

Ms. ALT. We are working on a program with Siemens on the I-710 corridor.

Ms. HAHN. Right.

Ms. ALT. That would be a great way because that lets you have the power. You know, you need the horsepower to get that heavy freight out, but you also do not want to be emitting any emissions, and that is a great way to do that.

Mr. MAIER. Well, first of all, let me talk about FedEx and sustainability for a minute. We are not only committed to sustainability in the U.S. but around the world. We made significant investments in alternate fuel sources. FedEx Express runs a fairly sizable fleet of electric vehicles. You know, we have made some investments in natural gas, and at least across a ground fleet if they buy fuel at our fueling facilities, they get a 20-percent biofuel blend.

In addition to that, we look at any number of ways to make our network more efficient, the way we engineer runs, the way we load trucks, and we invest a lot of money in technology to make sure that we are the most efficient there we can be.

In our facilities, we have done a lot of work with alternate energy. Woodbridge, New Jersey, Congressman Sires, I think that is his district. Unless the Oakland facility that FedEx Express has under construction now beats us, it is the largest solar panel array in the United States.

Ms. HAHN. That is encouraging. What about congestion? How do we—

Mr. MAIER. Well, I am not sure I am a good one to ask. We have a forwarding company called FedEx Trade Networks. They would be the company that would be most involved in ports. In our world, parcel, and I can speak to parcel, most of the arrangements at the ports and drayage to a facility where FedEx would take possession of that volume, those packages are actually arranged by our customers, not us.

Now, FedEx Trade Networks acts in many ways as, you know, the entity that might arrange that if it happens to be a customer they have, but frankly, FedEx Ground does not have a lot of experience at the ports. So I am not sure I am a good one here to answer that for you.

Ms. HAHN. Right. You know, I was on the Panel on 21st-Century Freight Transportation where we spent 6 months and we came up with recommendations. One of my recommendations was moving towards off-peak movement at our ports, and I think that is an issue that we ought to look at nationwide.

Thank you.

Mr. PETRI. Thank you.

Mr. DAVIS.

Mr. DAVIS. Thank you, Mr. Chairman.

I first want to say thank you to Mayor Bennett for being here today. As somebody who also hails from Illinois, I am glad you gave the recognition to my colleague and my friend, Congressman Lipinski for the efforts that he has made in making CREATE a reality.

I was at a rail hearing with Chairman Denham and my colleagues, Mr. Lipinski and Mrs. Bustos not too long ago to discuss many of the benefits of the CREATE Program and how it just does not touch the Chicago land area. It touches America. So thank you for your leadership.

I would like to go to Ms. Alt and ask her a couple of questions.

First off, in your testimony you discuss how one late delivery can have a ripple effect throughout your entire business model. Without a safe, efficient and reliable freight transportation system, what will be the effect on Volvo Group's ability to keep up with your international competitors?

Ms. ALT. It is going to hurt our ability.

Mr. DAVIS. That was obvious. But most importantly, too, how is any interruption going to actually impact the communities where Volvo Group operates?

Ms. ALT. I think if you look at the ports, it is probably a good example of that. We export for Mack Trucks, we export a lot of our product, and frankly, if we are not competitive and cannot export the products, we will not build as many trucks. So I think that is really the short answer to your question.

Mr. DAVIS. And at this committee we like short answers. So thank you.

To get me to my second question for you, you also mention in your testimony that adding a third truck lane on Interstate 81 greatly improved the efficiency of your operations. Can you describe briefly some of the benefits to consumers and the communities where Volvo has manufacturing and distribution facilities?

Ms. ALT. Sure. We are mostly located in areas that are low population. So we are usually the largest employer in the region, and we have a very good benefit package and pay very well, and we have a great relationship with our labor workforce.

So what we are able to provide is a community within a community, frankly, because our manufacturing plants tend to be very large, and we employ thousands of employees at each of them, not a few or a hundred, and then, of course, that spawns the indirect benefits, the suppliers that locate around us, the restaurants, the dry cleaner, everything that goes around it as well. So we create a community and then grow that community.

Mr. DAVIS. Great. I would encourage you to create that community and grow that community at Illinois' 13th Congressional District any time you would like, too.

I have no further questions, but I would like to offer the minute back to my colleague, Ms. Hahn, that she gave to Mr. Ribble if she so chooses.

Ms. HAHN. I love this committee. We are just so bipartisan and so friendly. Thank you. I will take it.

Mr. DAVIS. I knew she would.

[Laughter.]

Ms. HAHN. I never met a minute I would not take.

Mr. DAVIS. How is that electric car tearing up the roads in California?

Ms. HAHN. Well, I know especially because they do not go very far, but I read in the paper today that Elon Musk and Tesla are building a better battery.

You know, I was going to touch on Mayor Bennett. You talked about there are two things, public safety, public works. I agree. One of the things we have not talked about today is the safety of our freight network. I have worked with Chairman Shuster to insert some language in our reauthorization bill, the Coast Guard reauthorization bill, that will allow ports or require ports to submit their cyber security plan when they submit their homeland security plan to the Coast Guard.

We have not talked about that. How important is it that we secure our freight network, particularly cyber security? If something were to go down at one of our ports in this country, it would wreak havoc, I believe, on our freight network, and I would like to hear some of your responses.

Is that something we ought to be paying attention to?

Mr. BENNETT. I think in your public safety, what I talked about, one of the deficiencies in our own local CREATE Program has been the movement of rail through communities, through neighborhoods and at grade crossings is a huge consideration of safety and delay, and certainly in our private sector, those trucks leaving a rail yard, but just sitting on a local road or a State road or even a Federal road waiting for a train to move through before he moves on.

So that safety from a pedestrian and even local community aspect is also important, and as far as safety in general, we have a couple of mayors from our region who I do not know if they testified at the committee on the movement of freight from a safety standpoint of a hazardous material type, but that is, I think, the second primary concern about safety.

Cyber, you know, for our great Chicagoland region, I think we feel pretty comfortable, and unless obviously it involves national significance of tying in with the safety aspect of moving chemicals and/or nuclear materials in and through metropolitan areas.

Mr. PETRI. Thank you.

Mr. Nadler.

Mr. NADLER. Thank you, Mr. Chairman.

Mr. Chairman, Chairman Duncan and I just served on the committee's Panel on 21st-Century Freight Transportation. The panel examined how best to strengthen the freight network across all modes of transportation, not just highways, to meet current and future goods movement demands. The panel issued a bipartisan report that made a series of key recommendations to be taken into consideration as the committee prepares to reauthorize MAP-21.

I want to highlight a couple of those recommendations for the purpose of this hearing. First, the panel directed DOT to establish a comprehensive national freight policy and to designate a multimodal national freight network. The primary freight network currently designated by DOT includes only highways. That must be fixed.

Second, the freight panel recommended authorizing dedicated, sustainable funding for Projects of National and Regional Significance, PNRs. In 2005, the committee with my strong support developed the PNRs Program, the original intent of which was to address major freight bottlenecks and congestion around the country.

I am pleased the panel recognized the specific need to authorize guaranteed funding for these critical freight projects which often face significant hurdles securing funding under current Federal aid highway programs.

I am currently drafting legislation that would implement the freight panel's recommendation to reauthorize the PNRs program with dedicated guaranteed funding to once and for all complete the major freight projects necessary to protect America's economic competitiveness.

One thing that became clear during the freight panel's activities is that there is strong support for a PNRs program both among the Members and within the goods movement industry. We are still in discussions. There are still several details to resolve, but I look forward to continuing this conversation with my colleagues over the coming days, and I am confident we can develop a PNRs reauthorization bill that will have broad support.

I want to ask unanimous consent to submit into the record a letter from the Coalition for America's Gateways and Trade Corridors in support of implementing the freight panel's PNRs recommendations as part of MAP-21 reauthorization.

Mr. PETRI. Without objection, so ordered.

[The information follows:]

## Coalition for America's Gateways and Trade Corridors

ACS Transportation Solutions AECOM	<b>CAGTC REAUTHORIZATION PLATFORM</b>	Metropolitan Transportation Commission
Alameda Corridor-East Construction Authority American Standard Companies Cascadia Center CenterPoint Properties Trust Chicago Metropolitan Agency for Planning City of Chicago City of Industry, A Municipality Delaware Valley Regional Planning Commission	<p><b>FREIGHT: America's Economic Engine</b></p> <p>We are a growing nation of consumers and, thanks to a rebounding economy, Americans are experiencing increased purchasing power. Our manufacturing sector is exporting goods to the world's consumers at rapid pace and our ability to move these goods in a safe and efficient manner is tied directly to our global economic competitiveness. According to the Bureau of Transportation Statistics, "productivity growth in freight transportation has long been a driving force for the growth of U.S. overall productivity and contributed directly to the growth of the U.S. GDP." Representing 85 percent of our national economy, our country's five major economic sectors – manufacturing, retail, agriculture, natural resources and transportation providers – are reliant on efficient freight movement to be successful in both the national and world marketplace. Despite all this, we have ignored the need to invest in our national multimodal freight transportation system.</p> <p>Without a campaign of strategic investment to expand capacity and increase efficiency, U.S. productivity and global competitiveness will suffer, costs will increase and investment will lag. Freight mobility – on all modes – requires added capacity and improved efficiency to keep pace with growing demands. And connectivity among the modes is key to efficient goods movement. Based on estimates of freight system needs, we believe a minimum of \$2 billion in additional public investment is necessary on an annual basis.</p> <p>Per MAP-21, "It is the policy of the United States to improve the condition and performance of the national freight network to ensure [it] provides the foundation for the United States to compete in the global economy." MAP-21 laid the groundwork for a robust freight transportation program and, since its passage, the chorus of support has grown among Members of Congress, the Administration, and American businesses.</p> <p>As called for by the House Transportation and Infrastructure Committee's Special Panel on 21<sup>st</sup> Century Freight Transportation, we ask Congress to continue this upward trajectory by taking the following steps in the 2014 reauthorization:</p> <ul style="list-style-type: none"> <li>• <b>Modify the national freight transportation policy to make it multimodal and designate a national, multimodal freight network:</b> Freight policy and planning should incorporate the many modes of transportation that move goods;</li> <li>• <b>Authorize dedicated, sustainable funding for multimodal freight PNRS or a similar competitive freight infrastructure grant program:</b> Authorize dedicated, sustainable funding for multimodal freight Projects of National and Regional Significance (PNRS), or a similar freight infrastructure program, through a competitive grant process and establish clear benchmarks for project selection. Established under SAFETEA-LU, PNRS assists in funding large-scale infrastructure projects, frequently multimodal and crossing jurisdictional borders, which are difficult to fund through traditional distribution methods such as formula programs;</li> <li>• <b>Ensure robust public investment in all modes:</b> Freight does not move on highways alone – where public benefit is derived, public investment must be made. And in the case of highways, increased investment is necessary, particularly for National Highway System intermodal connectors, which bridge highway freight to other modes and distribution centers and are the conduits for the "highest and best" use of each mode. FHWA estimates intermodal connectors are at least 50 percent less maintained than the rest of the highway system. Leveraging federal dollars with private investment should be encouraged when possible and appropriate;</li> </ul>	Mississippi State Department of Transportation National Corn Growers Association National Railroad Construction and Maintenance Association Ohio Kentucky Indiana Regional Councils of Government Orange County Transportation Authority Oregon Department of Transportation
Economic Development Coalition of Southwest Indiana FAST Corridor Partnership (Seattle-Tacoma-Everett) Florida Department of Transportation Florida East Coast Railway Florida Ports Council Freight Mobility Strategic Investment Board (Washington State)		Parsons Parsons Brinckerhoff Port of Long Beach Port of Los Angeles Port Miami Port of Oakland Port of Pittsburgh Port of Portland, OR Port of San Diego Port of Seattle Port of Stockton
Gateway Cities Council of Governments HELP, Inc. HERZOG Intermodal Association of North America Jacobs Engineering Kern Council of Governments Kootenai Metropolitan Planning Organization Los Angeles County Metropolitan Transportation Authority Los Angeles Economic Development Corporation Majestic Realty Co.		Port of Tacoma Port of Tampa Port of Vancouver USA Puget Sound Regional Council RAILCET Riverside (Calif.) County Transportation Commission San Bernardino Associated Governments SANDAG - San Diego Association of Governments
Mericopa Association of Governments Maryland Department of Transportation Maryland Port Administration Memphis Chamber of Commerce Metropolis Strategies	<p>1120 20<sup>th</sup> Street, NW Suite 500 North Washington, DC 20036 202-828-9100 phone 202-797-0020 fax www.tradecorridors.org</p>	Southern California Association of Governments Tennessee Department of Transportation Virginia Port Authority Washington State Department of Transportation West Coast Corridor Coalition Will County Center for Economic Development

- **Promote and expedite the development and delivery of projects and activities that improve and facilitate the efficient movement of goods:** Freight projects are often complex and take many years to permit and construct at great cost. They can involve multiple modes of transportation, cross state boundaries, and require multiple environmental reviews. Special attention is needed to streamline these processes and ensure these vital projects are constructed within a reasonable timeframe and cost;
- **Commit to exploring sustainable sources of revenue across all modes:** Acknowledging that raising revenue for freight – and sustainable revenue, at that – will not be simple and cannot be delayed, we ask for a commitment that Congress, in conjunction with both the Administration and stakeholders, develop specific funding and revenue options for a freight transportation program once Congress has passed the 2014 surface transportation reauthorization.

This conversation should occur hand-in-hand with one that defines how monies will be used. Over the last decade, CAGTC has worked with public and private sector freight stakeholders to create a proposal aimed at improving our freight network so its full value may be realized. Our proposal for a National Strategic Freight Mobility Program and Trust Fund follows.

## **National Strategic Freight Mobility Program and Trust Fund**

### **RELEVANCE TO BROADER POLICY OBJECTIVES**

Currently, passengers and freight in the U.S. compete for an inadequate supply of infrastructure capacity and financial resources. Both suffer. Freight is forecasted to grow, with indicators showing United States shipments will more than double between 2010 and 2040 to roughly \$39.5 trillion annually, with an estimated \$10.3 trillion worth of goods using multiple modes of transportation each year. We should not replace or eliminate our current Federal surface transportation program. It should continue, supporting high quality transportation service for all Americans in every corner of our growing nation.

A new freight program can balance and separate these interests, especially if based on user fees and funding from outside the traditional sources. Such an approach need not be burdensome; for example, capturing a small fraction of the value of the commodities moved would generate considerable revenue.

The benefits of freight improvements are substantial. Sustainable goods movement lies at the center of our productivity and quality of life, not only for the availability of consumer products, but because of transportation's impact on land use, energy consumption and environmental quality. Improvements to freight infrastructure, through a combination of hard infrastructure and advancement in ITS, can result in reduced congestion, better air quality, and less time and fuel wasted. In addition, employment in the logistics sector is one of the fastest growing sources for job creation in the U.S. economy.

International trade, combined with domestic growth, has created millions of new job opportunities and a higher standard of living for Americans. But these benefits will last only if we are able to keep moving the goods.

### **MEETING THE NEED**

A truly strategic freight mobility program would serve the economic needs of our country in the near term and for generations to come by making investment decisions that optimize freight mobility, especially at locations of national significance, unconstrained by mode or political jurisdiction. All modes and freight transportation facilities would be eligible. Corridors, gateways and integrated hubs would be the locus of activity, rather than states, counties, cities or towns. The result would be a comprehensive, free-flowing freight network unfettered by jurisdictional boundaries.

### **FEDERAL FREIGHT TRUST FUND**

The Coalition for America's Gateways and Trade Corridors (CAGTC) has proposed the creation of a Federal Freight Trust Fund (FTF) to facilitate implementation of a new, strategic freight mobility program that incorporates:

- A national strategy which guides long term planning
- A national "vision" and investment strategy that shapes and guides the nation's freight infrastructure system with active coordination among states, regions and localities is needed. The Office of Intermodalism, or a new office for multimodal freight should be reestablished within USDOT's Office of the Secretary to administer the new freight mobility program with

a particular focus on projects of national significance. Planning horizons should endeavor to anticipate freight needs extending over multiple decades and seek to smooth the path for economic growth, both domestically and internationally.

A dedicated funding mechanism(s)

- Funding for the FTF should be collected from all users of the freight system and based on revenue sources that are predictable, dedicated and sustained. FTF monies should incentivize and reward state and local investment and leverage the widest array of public and private financing.

A set of merit-based criteria for funding allocation

- The new program should select projects through merit-based criteria that identify and prioritize projects with a demonstrable contribution to national freight efficiency. Long-term funding must be made available to ensure that, once a project is approved, funds will flow through to project completion. Funds would be available to support multi-jurisdictional and multi-state projects, regardless of mode, selected on the basis of objective measures designed to maximize and enhance system performance, while advancing related policy objectives such as environmental improvement.

A partnership with the private sector

- Private participation in the nation's freight infrastructure is vital to system expansion. Federal funding should leverage private participation and provide transportation planners with the largest toolbox of financing options possible to move freight projects forward quickly and efficiently. The establishment of an advisory council made up of freight industry members and system users could assist and partner with USDOT in optimizing results from planning, coordination and evaluation processes.

#### **NEW FEDERAL FREIGHT FEE**

While all possible funding sources should be considered, the FTF would best be served by a new national freight fee as supported by the recent National Surface Transportation Policy and Revenue Study Commission's report, *Transportation for Tomorrow*. Additionally, a fair contribution — such as a portion of increased fuel taxes or the freight fees that are currently dedicated to the Highway Trust Fund, including excise taxes on truck tires and tractors — from the Federal Highway Trust Fund could appropriately reflect benefits that accrue to the broader motoring public. While the FTF would provide a dedicated source for freight project funding, participation in this program would not preclude projects from seeking funding from existing federal, state and local sources, reflecting the multiple benefits they can provide to local communities as well as to national freight movement.

Other sources, such as the net growth in customs fees that are now deposited in the general fund, may also be appropriate to supplement the FTF as these fees relate directly to the infrastructure used to carry the goods against which they are assessed.

Ultimately, the price of goods should support and internalize a portion of the cost of expanding related infrastructure, such that growth in demand for moving goods delivers proportional funding for related infrastructure improvement.

#### **About the Coalition**

*The Coalition for America's Gateways and Trade Corridors (CAGTC) is a diverse coalition of more than 60 public and private organizations dedicated to increasing federal investment in America's intermodal freight infrastructure. In contrast to single mode interests, CAGTC's main mission is to promote seamless goods movement transportation system across all modes to enhance capacity and economic growth.*

Mr. NADLER. Thank you.

Just yesterday the President proposed a 4-year transportation bill that includes \$10 billion for a new multimodal freight grant program. This proposal is very encouraging and indicates the growing recognition of the need for dedicated funding for freight projects, including rail and port projects.

I look forward to working with the administration to enact such a program.

Now, Mayor Bennett, you mentioned that CREATE, which is clearly a major national priority, has a \$2.5 billion funding gap. This gap has nearly doubled Illinois' annual Federal aid highway supplement. What options are Illinois and CMAP looking at to address the \$2.5 billion funding gap?

Do you think the State can fill that gap without additional Federal support and resources?

And would the State have invested \$400 million in this project without the commitment of Federal and private funds and if the gap is not filled, what types of projects will not be completed?

Mr. BENNETT. I think the answer is yes, yes, no.

No, certainly CREATE could not have come about without a guaranteed commitment by all partners involved: the private sector, the railroad, our railroad partners, the State of Illinois, and also the initial securing of \$1 million by the Federal Government.

I do not think, in talking to this congressional committee, no, we cannot go on. In fact, we have struggled. The problem is that there has not been a continuous stream of guaranteed resources for us to match. We have taken approximately \$400 million and parlayed that into \$1.1 billion and it has shown already a 30-percent reduction in freight congestion in our region, along with another 30 percent passenger.

So the investments we have made have proven to be effective, but to go forward, no, sir. We could not do it on our own, and why I am here and I am sure the other members of this panel are here to ask the Federal Government to give us a program, and your remarks in the record are right on, spot on as to my testimony also.

Mr. NADLER. Thank you.

Let me ask one further question in the 53 seconds I have left.

A number of the witnesses mentioned MAP-21's national freight transportation policy. Under MAP-21 that policy is limited to just highway facilities. Do you support expanding the policy to make it multimodal? And if not, why not? Or if yes, why do you think it is important?

I would ask Mayor Bennett and then Secretary Gottlieb.

Mr. BENNETT. Absolutely, it has to be. It has to be in addition to the program going forward. The investment in freight and movement of freight in this country is absolutely critical to commerce. It is also critical to the movement of people in and around those metropolitan—

Mr. NADLER. And multimodal, not just highway.

Mr. BENNETT. Multimodal. I am sorry. Yes.

Mr. NADLER. Thank you.

Secretary Gottlieb, you seemed to imply before that you were opposed to this. Why?

Mr. GOTTLIEB. No, I would certainly agree with the mayor that one of the drawbacks of the primary freight network designation was that it did not take adequate account for, you know, the multimodal connections that need to take place in order for the efficient movement of freight.

I think that my comment that you may have perceived to be negative would be that, again, I think the State's position is that we are investing a lot of our core highway program dollars into freight critical projects, both individually as States and cooperatively as States, and that we would be hesitant to see a dedicated freight program that was essentially carving funds out of the core highway program for freight. We would prefer, I think, to keep State flexibility, and I think we have demonstrated that the States can—

Mr. NADLER. Well, without dealing with the State flexibility issue, which is local, your comment just now about funding or not funding a freight program out of the Highway Trust Fund, which is a national question, why would you not do that given the fact that a freight program is absolutely necessary to reduce the congestion on the highways, which obviously benefits the highways, too, for the truckers?

Mr. GOTTLIEB. As I said, if the funding were ideally outside of the Highway Trust Fund and was supported by shipper fees, we would definitely be support of that, but we would not want to see something that was basically carving dollars out of the core highway programs.

Mr. NADLER. You would not want to see one common source of funds for transportation?

Mr. GOTTLIEB. Well, I think as Ms. Alt testified, you know, there seems to be perhaps a greater openness to strict user funding for freight related things as opposed to maybe a broader base of funding for them.

Mr. NADLER. Hopefully that will change.

Thank you.

Mr. PETRI. Thank you, Mr. Nadler.

Mr. Williams.

Mr. WILLIAMS. Yes, thank you, Mr. Chairman.

I first would like to say to you, Mr. Chairman, I would like to thank you for organizing the codel last week at the great State of Texas. I especially want to thank your subcommittee staff and the staff of TxDOT for working so well with our local communities to put all of this together, and it was a great trip. You and other members of this committee were able to see such important projects as the LBJ Express, the North Tarrant Express and the new DART Connector at the Dallas-Fort Worth Airport.

Mr. Chairman, I am proud of the work being done by TxDOT and the various stakeholders in these projects. It truly highlights the benefits of the various provisions included in MAP-21 like TIFIA Program and the use of public-private financing.

I look forward to working together with you and the other members of this subcommittee as we reauthorize the next surface transportation bill and continue these important financing provisions in the future.

With that being said, I want to thank all of you for being here today. There has been some great, great testimony, and in full dis-

closure, I must tell you I am from Texas, and I am a private sector guy. I have been in business for 44 years, and that is the business of selling diesel trucks. I sell thousands of diesel trucks every year in Texas that pull a lot of trailers. So I appreciate your comments today.

My first question briefly would be to you, Mr. Maier. Aside from improvements, and we have talked a lot about this today, but aside from improvements on the Nation's physical infrastructure, what else can be done to increase the mobility and cut down on congestion? I mean, that is the biggest problem we have got.

Mr. MAIER. Well, in our view, the biggest thing we can do is approve 33-foot trailers. You can absorb 18 percent more volume without putting another truck on the road. I mean, all of the benefits are positive. You reduce congestion. You get more trucks off the road. Less trucks on the road mean less impact on the infrastructure and, you know, the benefit to the environment is that you save roughly 300 million gallons of fuel a year.

And in the interest of full disclosure, I should tell you I was born in Texas.

Mr. WILLIAMS. Well, you are a good man then.

[Laughter.]

Mr. WILLIAMS. Ms. Alt, also I appreciate your conversation on "just in time" inventory. Being in the retail side of it, we appreciate that greatly, but I would ask you also: what recommendations would you have for how we can best address the vast increase in freight tonnage that we have got that everybody talks about and the projection we have got of this increase over the next 20 years?

Ms. ALT. Well, I think to agree, we can move more freight with less fuel, emitting fewer emissions and with fewer drivers. We can do that today with some policy changes by allowing more freight to be hauled.

The double 33-foot is a great example. We build trucks. Maybe there is an underestimation of the new technology in trucks that has been going on for the last several years. The trucks are safer. Throughout the rest of the world, the Volvo Group provides trucks that haul longer freight, heavier freight safely. So we can move in the existing infrastructure today more freight with less fuel safely.

Mr. WILLIAMS. Well, I appreciate that, and I would just say that I am one of those that thinks the Government should do three things, and one of which is help us with infrastructure. It is a tough job for all of us. We appreciate all that you are doing and appreciate what you do and we appreciate the people you employ.

Ms. ALT. Thank you.

Mr. WILLIAMS. We need to find a way so you can employ more people, but anyway, thank you for that.

And, Mr. Chairman, I yield back.

Mr. PETRI. Thank you.

Mrs. Napolitano.

Mrs. NAPOLITANO. Thank you, Chairman Petri and Ranking Member Norton, for the meeting. It is informative and helpful.

My district is home to the Alameda Corridor-East. That is the gateway where you get your trains in Chicago. We handle about 40 to 45 percent of the Nation's traffic out of Ms. Hahn's area into and through my area.

In just my area, we have 54 crossings, and there are only probably 22 grade separations. The rest are going to be safety improvements. Alameda Corridor-East is a joint power authority. It is funded with State bonds, county Measure R and Federal bonds. So it has been moving greatly.

However, it was designated as a Project of National and Regional Significance in the SAFETEA-LU bill. It was not subsequently provided with proper and adequate funds for completing all of the separations.

So I agree with Mayor Bennett that Federal involvement to help move goods is critical.

Mr. Chairman, I ask unanimous consent to include in the record testimony from Alameda Corridor-East Construction Authority regarding steps that can be taken to improve our national freight network.

Mr. PETRI. Without objection, so ordered.  
[The information follows:]

Written Testimony of Mr. Mark Christoffels,  
Chief Executive Officer, Alameda Corridor-East Construction Authority,  
submitted to the Highways and Transit Subcommittee  
of the House Committee on Transportation and Infrastructure

"Improving the Nation's Highway Freight Network"  
Thursday, February 27, 2014 / 2167 Rayburn House Office Building

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Chairman Petri, Ranking Member Norton and Distinguished Members of the  
Subcommittee:

Thank you for this opportunity to submit testimony regarding how our Nation's highway freight network can be improved. At the Alameda Corridor-East Construction Authority, we share the Subcommittee's goals of promoting safer travel, freight mobility, faster project approval and delivery and the creation of thousands of jobs through targeted Federal investment in regionally and nationally significant transportation infrastructure.

Southern California is our Nation's leading gateway for Pacific Rim trade as we noted in testimony previously provided to the House Panel on 21st Century Freight Transportation on behalf of the Alameda Corridor-East Construction Authority in May 2013. Together, the ports of Los Angeles and Long Beach handle more than 40 percent of all shipping containers arriving by ocean vessel on our shores. Approximately three-quarters of these goods are then shipped to domestic destinations outside of Southern California, with most carried aboard trains traveling along the transcontinental freight lines through Los Angeles, Orange, Riverside and San Bernardino counties and known as the Alameda Corridor-East Trade Corridor. Interstate and international commerce results in up to 100 freight trains a day traversing the Southern California region, with train counts projected to increase to 250 trains per day by 2025, according to a study conducted for the Southern California Association of Governments.

Nationally significant goods movement channeled through Southern California has widespread economic benefits but also results in significant localized negative impacts. Increased freight rail traffic can create mounting safety, mobility, environmental and community impacts that degrade the region's quality of life and threaten the efficiency and throughput of the Southern California national trade gateway.

The Alameda Corridor-East Construction Authority was established in 1998 as a single-purpose local government authority charged with a \$1.7 billion program of constructing highway-rail grade separations and at-grade crossing safety improvements along 70 miles of Union Pacific mainline railroad in the San Gabriel Valley in eastern Los Angeles County. Grade separations, where the road goes over or under the railroad, eliminate traffic chokepoints and deadly collisions at crossings, reduce vehicle emissions and train noise, and help mitigate the impact of goods movement in Southern California. In the San Gabriel Valley, studies have shown that without the Alameda Corridor-East Program, traffic delays at rail-highway crossings would increase by 300 percent. Design engineering plans are reviewed by the railroads to provide sufficient capacity to accommodate their plans for future track expansion.

Congress recognized the national significance of the Alameda Corridor-East program and provided funding for and designated the Alameda Corridor-East Trade Corridor as a National High Priority Corridor in 1998 in the Transportation Equity Act for the 21st Century (TEA-21), followed by a designation and funding in 2005 as a Project of National and Regional Significance in the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users Act (SAFETEA-LU). All told, the Alameda Corridor-East Construction Authority has successfully secured nearly \$1.5 billion in Federal, State, local and railroad funding commitments for the Alameda Corridor-East program in Los Angeles County.

However, as the overall level of direct Federal investment in meritorious transportation projects has dropped precipitously since SAFETEA-LU, the level of Federal investment in the ACE Program has similarly diminished. The shrinking share of Federal funding illustrates why the National Freight Program authorized in the Moving Ahead for Progress in the 21<sup>st</sup> Century Act, or MAP-21, represents a critical and promising development in national transportation policy. Particularly important are the designation of a Primary Freight Network and the release by October 2015 of a National Freight Strategic Plan to identify freight bottlenecks, road, bridge and intermodal improvements and associated costs as well as best practices for mitigating the impacts of freight movement. With MAP-21 expiring this September, the Alameda Corridor-East Construction Authority respectfully requests the Subcommittee consider the following recommendations:

Establish a National Freight Infrastructure Grant program

We strongly recommend that a National Freight Infrastructure Grant program be authorized in the next transportation program bill or other Federal legislation. A grant

program specific to freight projects is warranted given that international trade and resulting interstate commerce is driven by national trade policies and due to the national and regional impacts of goods movement on our economy and on our environment. A freight grant program should provide significant capital investment grants that improve the efficiency and safety of the national transportation system to move freight and mitigate the system's adverse impacts on local communities.

A grant program to provide stable funding specific to freight projects, and distinct from the TIGER general-purpose competitive grant program, would be critical to the Alameda Corridor-East Construction Authority. Because we are a single-purpose local government authority and grade separations do not easily fit in existing modal funding programs, we have not had access to Federal funds distributed by formula to the States. In fact, all Federal funding received for our program has been Congressionally directed.

In addition, a grant program should leverage non-Federal funds by assigning priority to States and regions, such as Southern California's sales tax "self-help" counties, that have made a commitment to provide State and local matching funds. Eligible projects should include those that deliver critical safety, emissions, mobility and other regional and community environmental benefits in addition to projects that increase freight movement capacity, reliability and velocity. Eligible applicants should include States and local governments, ports and government-sponsored authorities with responsibility for implementing freight projects of national significance. Federal loan programs for infrastructure projects can be a significant source of leveraged funding for freight projects but many freight projects, such as grade separation projects, are unable to capitalize on a revenue stream and will continue to be reliant on grant programs.

#### Reauthorize and Refocus the Projects of National and Regional Significance program

The Alameda Corridor-East Trade Corridor was previously designated by Congress and received federal funding as a Project of National and Regional Significance (PNRS) in SAFETEA-LU. Ideally, the PNRS program can provide a significant and predictable source of Federal assistance over multiple years to major freight infrastructure projects which often have long timelines, are multi-jurisdictional and multi-modal and thus difficult to fund through the existing modal programs.

We were pleased that the Projects of National and Regional Significance program was authorized in MAP-21, but unfortunately it was not subsequently provided with appropriated funds. We support the House special freight panel's call for reauthorizing

the PNRS program and recommend the program be focused on freight megaprojects costing more than \$1 billion, similar to the original purpose of the program in the SAFETEA-LU legislation. In MAP-21, eligible projects were expanded to include transit projects while eligible applicants were restricted to States, transit agencies and tribal entities, omitting ports and local governments and local government authorities. We strongly recommend that projects and applicants eligible for PNRS funding be similar to those pertaining to the freight grant program discussed above.

#### Include Nationally Significant Trade Corridors in the Primary Freight Network

We recommend the Primary Freight Network and National Freight Network be redefined in a new transportation bill or other legislation to include nationally significant trade corridors such as the Alameda Corridor-East Trade Corridor, as well as other key modes of transportation. We believe this expanded definition of a freight network acknowledges the multimodal reality of goods transport, in Southern California and elsewhere in the nation, and the Federal responsibility to support that network and mitigate the impacts of goods movement.

#### Provide Authority Needed to Expedite Project Delivery

As part of the reauthorization process, Congress should consider reforms needed to expedite the delivery of Federally funded projects. The Alameda Corridor-East Construction Authority has submitted the following proposals to the National Freight Advisory Committee, and respectfully submits them for consideration by the Subcommittee. (1) The recipients of Federal funding should be authorized to self-certify that their right-of-way acquisitions and project plans as meeting all federal requirements, subject to later audit. Depending on the complexity of the project, this action could save up to six months on the project delivery timeline. (2) Recipients of Federal funding should be authorized to exercise "spend ahead" provisions while awaiting funding authorizations. This would allow eligible projects to begin work at the owner's risk, but not jeopardize Federal reimbursement for this early work once the project has been formally authorized. In other words the project could commence prior to official "date of eligibility." This could improve project delivery by up to 12 months. (3) Owners of private property compensated by a public agency for the right-of-way needed for a Federally funded project should be further required by law to direct their utility tenants, if any, to relocate their facilities at their own cost if applicable under the terms of the landlord-tenant agreement, similar to the process invoked under municipal franchise agreements for utilities located in city streets. Our experience has been that the railroad, for instance, often does not require its tenants – primarily pipeline and

fiber optic companies – to relocate their facilities, sometimes delaying our grade separation projects and always requiring the use of public funds for the relocation, at a cost of millions of dollars. This could result in savings of up to 12 months.

In closing, I thank the Chairman and members of the panel for this opportunity to offer testimony on behalf of the Alameda Corridor-East Construction Authority concerning improving our Nation's highway freight network.

Mrs. NAPOLITANO. Thank you, sir.

ACE recommends establishing a national freight infrastructure grant program reauthorizing the Projects of National and Regional Significance, including nationally significant trade corridors in the primary freight network and providing, of course, more authority to expedite delivery.

Of course, we are not even considering that we are looking to increase more international trade by Buy America, by increasing the effort to bring manufacturing back to the U.S. That will help in bringing more jobs and more economy to our areas.

Of course, in my area they expect 250 trains to go through the Alameda Corridor by 2025 daily. So it would be a negative impact in many areas, as has been discussed.

I guess one of the question should be should the next transportation bill continue to fund a highway-rail grade crossing program. How important do you feel this grade crossing safety is to transportation system and what role should the railroad play in this?

Mr. BENNETT. Thank you, Congressman.

Certainly with CREATE, as I have indicated in my testimony, the large gap that is left in our 20-year plan is at grade separations. Only 3 out of 25 have been completed, and more needs to take place.

The great question about railroads and whether or not their commitment or support of funding, assisting funding, at grade crossings has certainly been a conversation in the Chicago area. You can imagine outside the metro area how many grade separations that we have to deal with.

We have worked in the past. The addition of the CN buyout of a bypass around the Chicago area involved closing a many grade separations, but they also made a commitment to assist in the funding of those grade crossings. They are very expensive, around \$50 million per grade crossing, and again, as the congressman indicated, we need to be more creative. We are doing that at CMAP on trying to look at ways of funding those kinds of things without possibly waiting for or assisting on Federal funding.

Mrs. NAPOLITANO. Well, our railroads benefit greatly because they can increase their transportation, being able to load more on their rail rather than on truck.

We, of course, have daily currently in my area 100 actual trains going through my area daily, and that is combined with railroad and some Metrolink, but generally mostly Union Pacific.

Now, to the question one of my colleagues or one of the statements about the truck sales, I did visit one of my companies, Freightliner, and they were hitting the same point about the excise tax, that they feel that there should be either a reduction or at least consideration of something to help people purchase so the owners of the rigs are able to pick up, not only from the standpoint of economy, but also because it is environmentally better. People cannot afford \$125,000 with the new equipment for environmental purposes. So they buy used ones and so we continue to pollute.

There are all kinds of other issues that we need to be able to address, and I would hope that we continue to take into consideration areas where we have major traffic problems, train derailments and safety issues.

So with that, Mr. Chairman, I thank you, and I will have something for the record.

Mr. PETRI. Thank you.

Mr. Barletta.

Mr. BARLETTA. Thank you, Mr. Chairman.

I am enjoying the conversation. Being a mayor for 11 years and also having worked in a family construction company that built roads and bridges, it is pretty interesting for me. So I am going to put both my mayor's hat back on for a minute and my hard hat back on.

Mr. Gottlieb, you called the first and last mile the capillaries of the system. When I was mayor of Hazleton, my city sat at the intersections of Interstate 80 and 81. So I understand completely the impact that freight has on our local roads. And my question to you would be: how can we better assist the States as they support these critical roads and bridges, especially in light of Mr. Maier's observation that the volume of freight moving by truck is expected to more than double by 2035?

And then putting hard hat and mayor's hat back on, being in a construction industry, I also know the difference between an interstate highway and a local road. I know there is up to 12 inches of concrete on an interstate, and I also know there is only a few inches of asphalt on the local road.

My question to Mayor Bennett is: can you discuss the impact of freight on the first and last mile? And how do localities bear this burden?

Mr. BENNETT. It is obviously a lot of money, and as far as the situation in our community, and I think it was mentioned in California also, is that the last mile literally is most of these grade separations need to be fixed around the intermodal system of trains and freight or transport of freight from those trains to the highways, and it is in and around those rail yards. So it is all tied together.

The cost of doing that for a local community is unbearable. It is a \$50 million cost. It is not so much the roadway itself. It is the overpass or underpass that costs the huge amounts of money for the local government.

However, in CREATE we, again, parlayed money from the city of Chicago, from the State of Illinois, from our private partners to help offset some single person having the whole burden of that cost.

So, yes, it is not sustainable from a local community, and that why partnerships need to be built to offset those costs.

Mr. BARLETTA. Mr. Gottlieb, how can we help the States?

Mr. GOTTLIEB. Thank you.

The first and last mile connections are critical and vital to have an effective network, and one of the things we have had happen in our State is we have become a leader in the production of frack sand for hydraulic fracturing, and we are sort of a hub for it in the western part of the State.

And one of the things we have found as we have looked at the increasing demand for the transportation of frack sand both by rail and on the highway system is that we do not really have a big

problem on our system, but when you get off of the State system and you get close to these facilities, then there can be problems.

We have had to work with our local units of government to try to address those. I would say you asked, you know, what can the Federal Government do. I would say the first thing I would say is to, as I said, play a role in allowing the States to participate to a greater degree in the development of a national primary freight network because I think the States have the best understanding about the type of materials that are moving on their system, where those freight generators are.

We have spent a lot of resources in our State putting together a primary freight network and looking at actually where goods are originating and where they are terminating, if they are coming into or out of the State or through the State, and I think we can apply a lot of that data to assist in making sure that the investments are made in a prioritized way.

So I would say, you know, again, it is about having a cooperative process between U.S. DOT, the State DOTs, and the local governments and metropolitan planning organizations to identify that network.

And if I could just, Mr. Chairman, real quickly just back up a second to Representative Napolitano's question about the grade crossing program, that has been a great transportation safety success story, and we certainly would be supportive of its continuation.

Mr. BARLETTA. Thank you.

Ms. Alt, I have toured the Volvo Mack facility in Shippensburg, which is just outside of my district in Pennsylvania, and I see what goes on in making some of your heavy duty trucks. I work in the construction industry. I can tell you we ran nothing but Mack trucks, which I know you will be happy to hear.

I know how hard it is to invest a half a million dollars in a piece of equipment if you do not know how long the company is going to have work. Could you explain a little bit how important it is that we invest in a long-term highway bill and how Volvo is impacted by short-term extensions?

Ms. ALT. It is simple business. Building a new road or building a new bridge does not take 2 years. It takes longer than that, and you cannot ask local business people, which are your primary contractors. There may be a large company that is the major prime, but he is subcontracting that to the guy that owns a dump truck, to the mom-and-pop that owns five dump trucks and a wheel loader.

They cannot do business on 1 and 2 years. They need 4 and 5 years. They need stability. It is just simple business. This is not small. We are not buying a car. We are buying a \$500,000 piece of capital equipment. You have got to have at least some ability to know that you are going to be able to recover that investment.

Mr. BARLETTA. And when there is a lot of construction work, I can tell you there is a lot more people, men and women, working in the manufacturing plants. So this is much more than just road construction signs and people on the highways, and that money, when there is a lot of construction work, that money goes back into the local economy because when construction workers make a lot

of money, they take their families out to eat. They buy local products, and it goes right back in the local economy.

So I just wanted that on the record. Thank you, all.

Mr. PETRI. Thank you.

Ms. Titus.

Ms. TITUS. Thank you, Mr. Chairman.

Thank you for being here.

I would like to go back to the national freight network that was established by the Secretary of Transportation under MAP-21. This focus and new emphasis on freight mobility is very important for communities in the West, including Las Vegas that represent, because we import everything from people to lobsters. We have got to bring it in efficiently, effectively, and in expensively, hopefully.

Also in MAP-21 there is a designation of I-11, which an interstate highway between Las Vegas and Phoenix, and we are the 2 only metropolitan areas left in the country that do not have an interstate connecting us, and so that is going to be very important for the 8 million people who live between the 2 cities and the 40 million tourists who visit the area.

I am concerned though about the parameters of the Department of Transportation's primary freight network because if you look at that, as I understand it, it caps the number of miles at 27,000, and it just looks at current infrastructure, not future infrastructure.

Now, in the West there is only one north-south corridor, which is I-5, and I realize that I-11 cannot be considered now because it is a future project, not one that exists, but I would like you all to talk about the possibility or the need for us to look long term, look at future highways, additional things that can be added to that network as we look at renewing the transportation bill.

And I might start with you, Mr. Gottlieb, and then anybody else that would want to comment.

Mr. GOTTLIEB. Thank you.

I think the 27,000-mile basic criteria or basic limit really placed a lot of constraint on U.S. DOT in terms of how they were able to put the network together, and as you properly pointed out, you know, lack of ability to really provide connectivity, to really provide the access to multimodal connector points, the ability to allow for the fact that as things change that network could grow I think, were all shortcomings of that designation.

I think it has it has just been a challenge for everybody, for the States as well as U.S. DOT as the States have commented on the designation. It has just been a big challenge to try and figure out how do you put a meaningful multimodal network together to fit within that 27,000-mile limit.

So we think that is something that definitely needs to be taken a look at in the future.

Ms. TITUS. Mr. Bennett.

Mr. BENNETT. Just a couple of quick comments. I would think if I go back to as a young person back in the mid-1950s, what President Eisenhower did for this Nation in creating a highway system is just absolutely for us now, the beneficiaries of that, has been incredible. And I wish I could believe that Congress could be that bold with a highway program that can reincorporate that vision of

a Nation growing and a Nation moving goods and services. So in general, be bold.

As far as the alternative, as we have seen in the State of Illinois, it may get down to toll roads. It may get actually down to "pay as you go" type of roadways to have that type of interstate or large highways built to connect major and sub-major cities within a State, if not through State to State.

So, again, I ask that we all be bold here.

Ms. TITUS. Well, I would ask are there any specific recommendations that you have about that cap or how to lift that cap or any other suggestions that we need to put into our deliberations as we look at the new transportation bill?

Mr. GOTTLIEB. Thank you.

I think as you look at reauthorization, we really need to seriously consider, number one, lifting the cap and rather than having artificial limits on the size of the network, allowing the States to engage in a process of identifying what their critical freight corridors are, knowing all that they know about the movement of goods in their State, and then, you know, overlaying that with obviously U.S. DOT's involvement in terms of putting together a comprehensive and cohesive national network. But that will require, I think, lifting the cap to do that.

Ms. TITUS. Well, thank you.

I think so, too, because that stretch from Las Vegas to Phoenix is just part of what is planned hopefully all the way from Canada to Mexico. It will be a while in coming, but if we do not plan for the future then we will be caught short.

Thank you. I am going to yield back.

Mr. PETRI. Thank you.

Mrs. Capito.

Mrs. CAPITO. Thank you, Mr. Chairman. I thank the panel.

I had a couple comments. First of all, Ms. Alt, I am from West Virginia, and we have many folks who work in your Hagerstown, Maryland plant, great West Virginians, and they are very, very happy to be there. We are happy that you are there, too, employing so many folks.

I wanted to ask Secretary Gottlieb what approximately percentage of truck traffic on your State highways you consider to be a large amount. Twenty-five percent, forty percent?

Mr. GOTTLIEB. What do I consider to be a large amount? I will give you an example. We have a corridor, major corridor, between Madison and Rockford, Illinois, I-39/90 corridor that we are in the process of doing a capacity expansion on. That corridor extends all the way up into the central and northern part of the State. It brings a lot of tourists and a lot of goods into and through the State.

That corridor carries about 30 to 35 percent heavy trucks. I think that would be one of the highest that we would have in the State, and it is one of the reasons why we have really prioritized it for improvement and for congestion relief, but I would say that for us that is kind of getting up there.

Mrs. CAPITO. Well, the reason I asked the question is I mentioned I am from West Virginia, and there is a corridor that comes down through Ohio, through West Virginia on and connects up to

64, and, Mr. Maier, I am sure your trucks are on there all the time. It is Route 35. It still has 14 miles of two-lane highway, has over 30 percent truck traffic on it, and it is very dangerous.

And so when I hear about, you know, the freight corridors in the larger cities and problems with congestion, I guess I want to re-emphasize that rural America still has a great deal of challenges in order to satisfy the demands of safe freight travel through our communities.

I do not know if you have a comment on that that would help us realize that that should be part of the priority as well as the high urban areas and the interstates and the corridors and everything else. There is still a lot of Route 35s which we are hoping to get completed remaining in this country which would really help, I think, your business and help our safety and the movement of goods.

Do you have a comment on rural America? You have certainly got this same situation in your State. Yes, Mr. Gottlieb.

Mr. GOTTLIEB. Yes, thank you.

Absolutely, and we constantly are facing that, you know, sort of struggle as, again, I think the bottom line here I think that you are hearing from everyone is that we just do not have the resources to meet all of the needs that we have.

So we do have this friction that exists between, you know, the urban areas and the more rural areas of our State, and the rural areas generate a lot of economic activity, and they generate a lot of freight movement.

I mentioned frack sand. I could also mention timber. I could mention agricultural commodities, and trying to make sure that we have a system that can accommodate that movement safely and efficiently, again, it creates an environment where we just have to be right now really prioritizing our investments and trying to make sure that we are paying attention to needs in both of those areas.

But, again, it comes down to, you know, we have got a commission that met in our State over a period of about 15 months and identified about \$6.8 billion in multimodal needs. So you are correct.

Mrs. CAPITO. Mr. Mayor, did you have a comment on that?

Mr. BENNETT. Well, at the risk of sounding like a broken record, I would say, again, in our view the biggest way to reduce the congestion, particularly even on rural highways, is to allow longer trailers, 33-foot trailers.

Mrs. CAPITO. So just to clarify, you do not think a 33-foot trailer would pose any more safety risk in a two-lane 55-mile-per-hour highway than a 70-mile-per-hour interstate?

Mr. BENNETT. Our experience is that, like I said before, we have been running them in the State of Florida since 2010. We have run roughly half a million miles without an accident.

Mrs. CAPITO. Good to know.

Mr. BENNETT. The drivers that pull these trailers think they track better behind the power unit and they are more stable than 28s.

Mrs. CAPITO. OK. That is great information. Thank you.

My final comment would be the safety of your containers or not containers, but of the vessel. We just had the chemical spill into

our water resource in West Virginia from a tank that was right next to the water, holding a supposedly nontoxic substance which caused all of us to cease to be able to use our water for any purpose for weeks.

What kind of inspection regimes do you have? Is it individualized by the State? I am sure you inspect. As they go out of the factory, do you re-inspect on certain times?

It is probably less for you, Mr. Maier, because you are probably mostly carrying packages, but what about you, Mr. Secretary, in your State?

Mr. GOTTLIEB. With regard to?

Mrs. CAPITO. Safety of the truck itself in terms of leakage, preventative leaks if you're carrying hazardous materials.

Mr. GOTTLIEB. We are fortunate to have a consolidated agency where the enforcement of truck safety is part of our agency. So we are able to take a more comprehensive approach to that. I think we work closely with Federal Motor Carrier Safety Administration.

But again, I will tell you I find it to be a resource challenge to be able to have enough inspectors out on the highway to make sure that equipment is being operated safely and it is being operated within existing—

Mrs. CAPITO. Do you have a regular inspection routine that like you have to have your truck inspected once a year, like we have to have our cars inspected once a year?

Mr. GOTTLIEB. I know for certain types of commercial vehicles we have. I cannot answer the question about all of them.

Mrs. CAPITO. OK. Thank you.

Thank you, Mr. Chair.

Mr. PETRI. Thank you.

Mr. Michaud.

Mr. MICHAUD. Thank you very much, Mr. Chairman and Madam Ranking Member, for having this very important hearing, as well as for our panelists for your testimony this morning. It has been really enlightening.

And actually I want to follow up actually, Mr. Secretary, with an answer you gave to Mr. Ribble about the State of Wisconsin.

As you know, Maine is currently in the midst of a 20-year pilot program that allows heavier six-axle trucks on the interstate. Those more productive vehicles allow us to move more freight with fewer trucks. The extra axle maintains the stopping distance to ensure safety, and actually in the pilot program we have seen a decrease in fatal accidents that actually go down because of that pilot program, and with the improved distribution of the weight on each axle, it actually reduces the weight per axle, per tire, which is a lot different than the five-axle trucks.

The result, what we have seen so far is lower shipping costs, improved safety without damaging our actual road system, and actually it has saved the Department of Transportation money by allowing them to go on the interstate. The pilot program actually has the support of the Maine Department of Transportation, the Maine State troopers, Maine truckers and Maine shippers.

In fact, yesterday I met with the Commissioner of the Department of Transportation from Maine who was down there, and he

confirms that the continuation of this pilot program is an unequivocal success for the State.

And as you know, Mr. Ribble and I have legislation to allow other States that flexibility, that management tool if they so choose to go that route, which I think is very important, having served both in the House of Representatives and the State senate, to give the State those flexibility and those tools to do what is best for their individual State.

So I want to thank you very much for your testimony, and I guess my question is: have you seen that same type of success in Wisconsin, number one?

And number two is as we deal with the reauthorization what are other States doing creatively as far as trying to fund the States', you know, infrastructure needs within the respective States other than bonding and the usual fee for service?

Mr. GOTTLIEB. Thank you for those questions.

With regard to the truck size weight issue again, speaking for Wisconsin DOT and not necessarily for AASHTO, the changes that we have made really stemmed from this study that I mentioned that we had done in 2009, the comprehensive truck size and weight study, and to your point.

And I would reinforce the things that you said, that we looked at six different configurations in addition to the standard 80,000-pound, five-axle truck-trailer combination, and in each of those six alternative configurations that we looked at, we had net safety benefits for the reasons that you mentioned. We had net productivity benefits, and we had net benefits to pavement conditions.

So it is a tradeoff there, but certainly I believe that there are configurations that can enhance productivity, protect traffic safety, and also protect our infrastructure, which is our primary mission as an agency.

To your funding question, I think as many States have, I think we have started to make a pretty comprehensive study of what other States are doing to try and address other revenue issues. The Governor has asked our department to take a look at this as we go into the next State budget next January. So we are taking a keen interest in what some other States have been successfully able to do and some of the things that have not been successful.

I would say I think it splits along a couple different lines. One is, you know, do we continue along this path that we have historically had of primarily a user fee funded transportation system or do we recognize that the transportation system as a whole benefits our economy. It contributes to competitiveness for our country, and that therefore, the funding of it ought to be more broadly based.

Some States are looking at, you know, sales taxes and things of this nature. So I think that is one of the splits that exists between continuing that user fee funded system versus going to something that is a little bit more broadly.

The other comment I would make is that there is a lot of discussion about, you know, alternative methods of financing, and it is something that, frankly, I am not an expert on because we have not done a lot of it in Wisconsin with regard to P3s or alternative financing, but I would just caution and draw the distinction that

there is a difference between financing and funding, and at the end of the day, you know, everything has to be paid for.

So I believe our fundamental national problem is a funding problem rather than a financing problem.

Mr. PETRI. Mr. Lipinski.

Mr. LIPINSKI. Thank you, Mr. Chairman, and thank you for holding this hearing.

Mr. Maier, I want to say it is good to see you here, and everywhere I go I tell people about the flight simulator down there at FedEx and how impressed I was by that. Lewis University actually where Mr. Bennett went to school has a great aviation program there, and they said, oh, yeah, they are very familiar with that.

I wanted to thank Mr. Bennett for coming here and talking about the importance of CREATE. Certainly everyone on this committee knows that I have been beating that drum since I have gotten here, and the chairman certainly knows that, as he mentioned in his question in the beginning talking about CREATE and the importance of it.

One thing that, Mr. Bennett, you had mentioned and it is a concern of mine also with the CREATE Program is the fact that only 3 of the 25 highway-rail grade separation projects have been completed. The other three are under construction. There are 13 that do not have any funding at all, and this is certainly something I hear a lot about from my constituents.

It affects not only individuals, but also the freight network having the blocked crossings. Is there anything else that you wanted to add about that, about the impact that you see from these block crossings or ideas about how to move forward to get these done?

One big part of the issue is it is more difficult to do the bigger project, and that has been one of the issues with CREATE, is it is easier to do the smaller projects rather than sink a lot of money into the bigger projects, but is there anything else you want to add about the grade separation issue?

Mr. BENNETT. Thank you, Congressman.

And by the way, the congressman and I both grew up on the Southwest Side of Chicago in the same neighborhood and faced, as the congressman has indicated, the problem of at grade separations certainly in his district and that region of Chicagoland area.

I think a couple of panelists or a couple of congressmen had indicated local economies, and certainly grade separation in and around these major freight intermodal areas is very critical as is the survival of the local economy of not only the Southwest Side of Chicago, but throughout the metropolitan region in dealing with grade separations.

It is a critical component that has really lacked not necessarily attention, but lacked the priority of funding for that aspect of it, and we hope, again, with this new bill that we will be able to re-prioritize at grade separations and complete or begin to complete the long list of at grade separations.

Mr. LIPINSKI. And you had mentioned the Projects of National and Regional Significance. I missed some of it, and I am not sure if Mr. Nadler raised that or not, but that is certainly critically important, I think, as we move with forward MAP-21 to not only in-

clude that, but also to fund them, which was an issue with the last bill.

One other question I wanted to ask is you had talked about the national freight policy, and one of the suggestions that you had was to integrate metropolitan regions into the freight investment decisionmaking process. Could you expand on that and why you think that's important?

Mr. BENNETT. I think before any money is spent you want to have a plan and I think not only a plan in your own metropolitan area, but throughout the entire country. It is a national freight plan. We have had congressmen speak from their metropolitan areas about connecting the dots, so to speak, from California to Chicago and then onward to the eastern seaboard, that by a coordinated effort of these metropolitan regions in a national freight plan, which MAP-21 called for in its authorization to be established, we did it with CREATE and there are now since then other metropolitan regions who have come up with a plan, again, to connect all the dots together.

So we think it's significant in the priority of spending of freight monies going forward, and we strongly believe in cooperating with our partners.

Mr. LIPINSKI. And I know the last thing I just want to mention on another point that you had made in the recommendation is to redefine the national freight network to comprise the multimodal transportation system, and it was brought up a number of times here. We had the Panel on 21st-Century Freight Transportation last year, and I think we had a majority of the Members who were on the freight panel who are here today, and I am very hopeful that we can move forward because that was certainly something that we had talked about.

It has been a difficulty because to some extent our committee is separated into subcommittees that look at single modes, that we have not done enough to really look at it comprehensively, and I think the freight panel did that, and hopefully we can include some of those recommendations in the reauthorization of MAP-21.

Thank you.

Mr. PETRI. Thank you.

And I would ask unanimous consent that the record of today's hearing remain open until such time as our witnesses have provided answers to any questions that may be submitted to them in writing and unanimous consent that the record main open for 15 days for additional comments and information submitted by Members or witnesses to be included in the record of today's hearing.

Without objection, so ordered.

And if there is no other comment, this hearing is adjourned.

[Whereupon, at 11:58 a.m., the subcommittee was adjourned.]



TESTIMONY OF

**The Honorable Mark Gottlieb, P.E.**

Secretary, Wisconsin Department of Transportation

On Behalf of

American Association of State Highway and Transportation Officials

REGARDING

**Improving the Nation's Highway Freight Network**

BEFORE THE

**Subcommittee on Highways and Transit**

**Committee on Transportation and Infrastructure**

**U.S. House of Representatives**

ON

**February 27, 2014**

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**INTRODUCTION**

Chairman Petri, Ranking Member Norton, and Members of the Subcommittee, thank you for the opportunity to provide input on the Nation's highway freight challenges and policy recommendations for surface transportation reauthorization. These recommendations will support and enhance the States' ability to make improvements to the highway freight system for safer and more efficient movement of goods. My name is Mark Gottlieb, and I serve as the Secretary of the Wisconsin Department of Transportation and Chair of the Highway Transport Subcommittee of the American Association of State Highway and Transportation Officials (AASHTO). Today I am testifying on behalf of AASHTO, which represents the departments of transportation (DOTs) of all 50 states, Washington, D.C. and Puerto Rico.

AASHTO applauds the leadership of Transportation and Infrastructure Committee Chairman Bill Shuster and Ranking Member Nick Rahall for working to advance reauthorization, including establishing the Special Panel on 21<sup>st</sup> Century Freight Transportation. Last October, the panel, led by Chairman John Duncan and Ranking Member Jerrold Nadler, reported their findings and recommendations for improving the Nation's freight transportation system. We believe that the report provides an excellent starting point for discussion and debate about how best to address our freight challenges and to advance innovative approaches to reconstruct and modernize our highway system to meet those challenges. My testimony will address some of the key findings and recommendations from the special panel.

**IMPORTANCE OF FREIGHT TO THE NATION AND THE STATES' ECONOMIES TO ENSURE ECONOMIC COMPETITIVENESS**

Our Nation's highway system is the backbone of the freight system. The U.S. Interstate and National Highway Systems carry more than 85 percent of all heavy truck traffic yet account for just over 5 percent of the 4.1 million miles of public roads in the country. While these systems carry the most freight traffic, the feeder routes and first and last miles which form the capillaries of the system are also critical to the safe and efficient movement of freight from origin to destination. Logistics and supply chain challenges can create inefficiencies at either end, making the first and last miles the longest.

Certain sectors of our national and state economies are heavy consumers of products that move on our freight transportation system – such as manufacturing, trade, mining, logging, agriculture, commercial fishing and construction. Others rely substantially on integrated supply-chain logistics, for example retail merchandizing and energy supply. These sectors account for approximately one-third of the U.S. economy, and growth is directly related to the ability to improve the safety, efficiency and productivity of our freight transportation system. Freight movement is important in all regions of the country and in rural as well as urban areas.

Our highway freight system also connects our businesses, industries and consumers with the global market place. Total trade (exports and imports) accounted for 31 percent of U.S. GDP in

2012<sup>1</sup>. Merchandise trade, which includes such items as machinery, chemicals, petroleum and coal, consumer items, capital goods, automotive parts and industrial supplies and materials, accounted for almost 25 percent of the average annual U.S. GDP in the period from 2009-2013 according to the World Bank. American businesses exported nearly \$1.6 trillion in goods in 2013, according to the U.S. Census Bureau.

More than 45 million American jobs are in freight dependent economic sectors, including mining, construction, manufacturing, wholesale and retail trade, transportation and warehousing, and agriculture and forestry.<sup>2</sup>

Given the importance of excellent freight transportation to our nation's economic competitiveness and quality of life, AASHTO carefully considered freight transportation issues in developing its reauthorization policy recommendations. The freight policy resolution adopted by the AASHTO Board of Directors last fall is attached.

Wisconsin's economy is very dependent on freight intensive industries, which account for almost 50 percent of the state's GDP. In 2011, over 518 million tons of freight was shipped in the state with a value of over \$524 billion. These freight intensive industries, especially agriculture, forestry, manufacturing, and mining will continue to be strong and put increased demands on the state's transportation network.

A prime example of this is the rapidly growing frac sand mining industry in Wisconsin. Shipping the sand to many areas of the country, and internationally, for oil and natural gas extraction is accomplished in an intermodal manner across roads, rail, and water. Frac sand related freight has grown by nearly 300 percent in Wisconsin in the last five years alone and is expected to continue to grow at a rapid rate and is imposing unique challenges to our transportation infrastructure, particularly at the township and county level.

Other state DOTs have also documented the importance of freight to their economies. For example:

*Maryland... "Real output among Maryland's freight-intensive industries, a measure of economic performance is expected to grow by 119.7 percent statewide between 2000 and 2030. As a result of this statewide growth, and the corresponding growth across the country, the tonnage of freight transported into, out of, within, and through Maryland is estimated to increase by about 105 percent by 2035, comprising about 1.4 billion total tons and \$4.98 trillion of value (an increase of 118 percent over 2006 value). While the State's largest concentration of freight-intensive industries and freight flows will remain in the I-95 corridor, freight industries and the resulting goods movement in the I-270 corridor are projected to grow at a faster rate."*<sup>3</sup>

<sup>1</sup> International Trade Administration, *U.S. Trade Overview 2012*

<sup>2</sup> Bureau of Labor Statistics, *December 2013 Monthly Labor Review*

<sup>3</sup> Maryland Department of Transportation, *Maryland Statewide Freight Plan 2010*

Georgia... *“Freight is a critical component Georgia’s economy. Five freight-related economic sectors produced nearly \$100 billion of output in 2007—25 percent of Georgia’s 380 billion of gross state product. These sectors are heavily dependent on highways, railroads, ports, and airports to receive goods from suppliers and deliver goods to customers. The growth of these freight-related sectors will be directly related to the quality of improvement to the State’s freight transportation infrastructure.”*<sup>4</sup>

Texas... *“Trucks are a critical link in the Texas multimodal freight system. Annually over \$1.6 trillion/1.2 billion tons of freight are moved on Texas highways. In 2011, trucks moved over 46 percent of all freight moved in Texas. By 2040, truck tonnage will increase by 78 percent and account for 56 percent of all freight moved. The top commodities moved by truck in Texas include mainly agriculture products: live animals/fish, cereal grains, animal feed, meat/fish, other agriculture products such as fertilizer and milled grain products.”*<sup>5</sup>

Florida... *“The economic success of Florida is inescapably tied to freight activity. Florida has the 3<sup>rd</sup> largest logistics and distribution industry in the nation, and the 5<sup>th</sup> number of logistics and distribution jobs. Thriving in the global economy is dependent upon efficient freight movements. Global, national, regional and local markets are very competitive, and Florida must capitalize on its advantages and position itself to compete well.”*<sup>6</sup>

Missouri... *“Freight moved by trucks, barges, planes and trains is an essential part of the state’s economy. In 2012, for example, Missouri exported \$13.9 billion in freight.”*<sup>7</sup>

**Texas**

- 1 in 16 Texans are employed by the trucking industry
- 73 percent of goods manufactured in Texas are transported by truck
- 85 percent of trade between Texas and Mexico is handled by trucks
- There are over 66,000 trucking companies in Texas
- Trucking industry wages exceeded \$22.5 billion, with an average industry salary of \$45,000
- There are over 185,000 truck drivers employed in Texas, with an average salary of \$34,500
- Trucks represent 12 percent of the vehicle miles traveled in Texas annually

The challenge is whether the nation as a whole will make the investment to meet the freight transportation demand projected for the future. If sufficient investment is made, economic growth can be supported while insufficient investment will stifle economic productivity, growth and economic competitiveness.

<sup>4</sup> Georgia Department of Transportation and the Georgia Center of Innovation for Logistics, *Freight and Logistics Action Plan*, December 2011

<sup>5</sup> Texas Freight Advisory Committee, *Texas Freight Mobility Plan, 2013*

<sup>6</sup> Florida Department of Transportation, *Florida Freight Mobility and Trade Plan*, June, 2013

<sup>7</sup> Missouri Economic Research and Information Center, *Missouri Freight Transportation: Economy on the Move/Truck Freight 2007*

**FREIGHT CHALLENGE: ENSURE AND INCENTIVIZE ROBUST PUBLIC INVESTMENT IN THE FREIGHT HIGHWAY SYSTEM*****Solvency of the Highway Trust Fund***

We will not be able to tackle our Nation's freight challenges and provide for the highway freight system of the future, unless we confront the underlying threat of disinvestment in our transportation infrastructure. State DOTs play a critical role in ensuring that we have a safe, reliable and efficient transportation network. But states are only able to play this role through a robust partnership with the Federal government.

In January, the U.S. Department of Transportation (U.S. DOT) announced that the Highway Account of the Highway Trust Fund (HTF) will likely run out of money as early as this summer. If this is allowed to happen, states may not be reimbursed for work they have already paid for. In addition, failure to ensure the solvency of the HTF will prevent states from being able to obligate any new federal highway funds in Fiscal Year 2015. In Wisconsin, this would result in a 66 percent reduction in funding for our core program that maintains and preserves our existing state highway system.

Almost half of capital investments made by states on our nation's roads, bridges, and transit systems are supported by the federal highway and transit programs administered by the U.S. DOT. Without this strong federal-state partnership, state DOTs will not be able to play their part in building and maintaining the national transportation network on which our economy relies to be competitive in the global marketplace.

Since 2008, the Congress has avoided shortfalls in the HTF by transferring \$52.1 billion from the general fund of the Treasury to the HTF. If lawmakers choose to continue authorizing such transfers, an additional \$19 billion in FY 2015 and a total of \$100 billion over the next six years will be needed to prevent future shortfalls, if spending is to be maintained at existing levels and adjusted for inflation.

In addition, state DOTs rely on the predictability of federal funding to produce long-range transportation plans and to plan for major projects. Surface transportation reauthorization bills that only provide funding for one or two years and short-term fixes for the HTF prevent state DOTs from being able to properly plan for complex transportation projects that span multiple years. These types of projects often have a significant impact on the efficient movement of freight. Ensuring the long-term solvency of the HTF and authorizing the surface transportation programs for 5 to 6 years will greatly improve state DOTs' ability to undertake complex freight transportation projects that will facilitate freight movement

***Recommendation:***

Congress could address the projected annual shortfalls by substantially reducing spending for surface transportation programs, which we do not support, could boost revenues, or adopt some combination of the two approaches. According to the Congressional Budget

Office (CBO), bringing the HTF into balance in FY 2015 would require the devastating action of entirely eliminating the authority in that year to obligate funds (projected to be about \$51 billion for the federal highway and transit programs), raising revenue or otherwise providing funding that is the equivalent of an additional 10 cents per gallon, or undertaking some combination of those approaches. Whichever tools are utilized, at a minimum, it is crucial to identify solutions that at least will sustain the MAP-21 level of surface transportation investment in real terms.

#### ***Funding for Freight Projects***

Currently, highway freight-related projects, including for example, projects to eliminate bottlenecks or improve throughput and reliability, are funded through the core, formula federal-aid highway and bridge programs – the National Highway Performance Program, the Surface Transportation Program, Highway Safety Improvement and Congestion Mitigation and Air Quality Programs – through state and local freight programs and projects, and through public-private partnerships. The flexibility of the core federal highway programs enables states to use federal, state, local and private funds jointly or separately to address very diverse highway freight needs. That is appropriate as, with very few exceptions, in this country roads are shared by passenger vehicles and freight vehicles. Proper planning takes both into account. Since funding for the HTF-supported programs supports both freight needs and passenger/personal mobility needs, a solution to the HTF solvency crisis will help meet freight mobility as well as other mobility needs.

There are also non-HTF supported federal investments that help meet freight mobility needs. Since 2009, appropriations for the Transportation Investment Generating Economic Recovery (TIGER) program, a discretionary grant program, has enabled the U.S. DOT to invest in road, rail, transit and port projects, including freight projects, which can demonstrate that they will achieve critical national objectives. Since its inception Congress has provided more than \$4.1 billion from the General Fund to the TIGER program: \$1.5 billion for TIGER I, \$600 million for TIGER II, \$526.944 million for FY 2011, \$500 million for FY 2012, \$473.847 million for FY2013, and \$600 million for the FY 2014 round of TIGER Grants. So far, more than \$1.2 billion in TIGER grants has gone to highway freight, rail and port projects across the country and of that, \$183.5 million was awarded to highway freight projects.

In addition, the Moving Ahead for Progress in the 21<sup>st</sup> Century (MAP-21) authorized \$500 million from the General Fund (subject to appropriation) in FY 2013 only, to fund Projects of Regional and National Significance -- critical high-cost surface transportation capital projects that will accomplish national goals, such as generating national/regional economic benefits and improving safety, and that are difficult to complete with existing Federal, State, local, and private funds. To date, funds have not been appropriated for this program.

We note that the Transportation and Infrastructure Committee's Special Panel on 21<sup>st</sup> Century Freight Transportation recommends that Congress --

*“Authorize dedicated, sustainable funding for multimodal freight Projects of National and Regional Significance through a grant process and establish clear benchmarks for project selection. Projects eligible for such funding would have a regional or national impact on the overall performance of the multimodal freight network identified by the Secretary of Transportation.”*

In 2010, prior to MAP-21’s 2012 enactment, in a report, *Unlocking Freight*, AASHTO documented the challenges associated with the U.S. freight system not keeping up with the demands being made on it, and the need for freight to be a priority in reauthorization of the federal surface transportation program. At that time AASHTO supported the creation of a new national freight program only as a component of a much larger surface transportation program with a funding increase of 40 percent or greater. Moreover, we recommended that if created, most of the funding for a new freight program should be funded through new freight user fees outside the current HTF. We also recommended that the program should incorporate both a formula and discretionary element.

However, with the enactment of MAP-21, funding for federal-aid highway, highway safety, and transit programs was not increased. The greater value for the federal highway dollar came from reforms, including the consolidation of more than 100 individual program, new performance measures, risk-based asset management and performance-based planning all of which are likely to lead to greater priority given to investments in freight projects.

***Recommendations:***

AASHTO believes that with the program consolidation and performance reforms in MAP-21, much of the federal funding for the existing federal-aid highway and bridge programs will be invested in projects that contribute to safer and more efficient freight movement. Increases in funding for the current program structure would reinforce that flexible but freight-friendly approach.

AASHTO favors flexibility for states, not increasing the number of programmatic categories within federal transportation programs, and an emphasis on formula funding, including not reducing the proportion of the overall federal highway program that goes to formula dollars.

AASHTO’s funding priority is to ensure support for current program levels plus inflation for current, predominantly formula programs. If Congress should choose to advance a new, dedicated freight program, it should not come at the expense of existing funding, plus inflation, for apportioned highway programs nor should funding be carved from the existing revenue structure that supports the HTF. Any such program should also emphasize formula funding.

AASHTO recommends that the highway user fee mechanism which supports the HTF should maintain the existing limitations on the use of highway user revenues to the programs and projects currently eligible. If Congress were to create a new multimodal

freight program, funding should come from new sources outside the existing HTF funding mechanism.

***Freight Project Match Incentive***

To encourage states to invest in freight projects, MAP-21 allows for a higher federal matching share for projects that will improve the efficient movement of freight – from 90 to 95 percent for projects on the Interstate Highway System, and from 80 to 90 percent for a non-Interstate System project. In addition, the projects must come from a state freight plan.

***Recommendation:***

AASHTO believes that the provision allowing for a reduced non-federal share for freight projects identified in state freight plans incentivizes investments in freight projects and provides tangible encouragement to develop and update state freight plans as part of the new performance-based planning process. AASHTO recommends the continuation of this incentive provision.

**FREIGHT CHALLENGE: DESIGNATE A NATIONAL HIGHWAY FREIGHT NETWORK AS A COMPONENT OF AN OVERALL NATIONAL FREIGHT TRANSPORTATION POLICY**

In MAP-21 Congress requires U.S. DOT to establish a national highway freight network to assist states in strategically directing resources toward improving movement of freight on highways.

The national highway freight network will consist of three components:

1. A primary freight network, as designated by the Secretary of U.S. DOT;
2. Any portions of the Interstate System not designated as part of the primary freight network; and
3. Critical rural freight corridors.

MAP-21 limits the initial designation of the primary highway freight network to a maximum of 27,000 centerline miles of existing roadways “that are most critical to the movement of freight”. USDOT may add up to 3,000 additional centerline miles of roads, existing or planned, considered critical to movement of goods on the network. States are given authority to designate the critical rural freight corridors using criteria contained in MAP-21.

USDOT has proposed a primary highway freight network based on the 27,000 centerline mile cap imposed by MAP-21. After seeing the network that results from a strict application of the MAP-21 designation criteria, it is apparent that the network is too small. Rather, a corridor-based approach which incorporates multiple highway facilities rather than highway centerline miles would be a more appropriate approach.

Moreover, we believe that the designation criteria used by the U.S. DOT as required by MAP-21 fail to address important freight-related considerations in the states. We recommend that U.S.

DOT give greater weight to factors that states suggest, including consideration of State Freight Plans that may be developed, and factors that address connectivity, including but not limited to, important freight origins and destinations, multimodal hubs, and connections to international borders. While U.S. DOT may be restricted by the mileage requirement, we urge them to be as flexible as possible in using the designation criteria. For example, an Average Annual Daily Truck Traffic (AADTT) count of 8,500 trucks per day is too high in most places to identify a primary freight network that will also yield network connectivity.

Combined, these factors and the methodology have resulted in the creation of critical gaps in the identified freight corridors and omit altogether some corridors viewed as critical for freight movement. Further, the designated corridors do not reflect the freight generating endpoints or nodes (such as ports, airports, and intermodal facilities) and the role they play in the freight system.

In Wisconsin, the proposed network lacks route continuity, has large gaps, and omits some critical primary freight routes in the state entirely. Eight critical primary freight routes have been identified in Wisconsin, which are not currently included in the U.S. DOT's primary freight network. On each of these eight omitted routes, more than 20 percent of the average annual daily traffic is heavy truck traffic and/or is connected to a freight node or intermodal terminal. In addition, each of the eight omitted routes is also part of Wisconsin's Oversize/Overweight Freight Network.

The designation of a highway freight network is a useful mechanism to be used in the new performance-and risk-based planning process to assist the states in prioritizing freight needs and allocating highway investment dollars. The ultimate goal is to make the transport of goods as economically competitive, efficient and frictionless as possible. The designated network is only a tool to assist in allocating federal, state, local and private sector resources to achieve that goal. The designation of a primary highway freight network is one designation which is layered on several others – the Interstate, the enhanced NHS, the National Strategic Network, the Twin Trailer Network, for example – and all with separate designation processes. The designation of the primary freight network must consider the integration of all these networks as well as systems operations issues, such as harmonization of special permitting and emergency permitting procedures.

Unfortunately, the mileage caps and designation criteria undermine the ability to designate a network that integrates the existing freight networks on which investments and planning decisions to serve freight needs are being made.

***Recommendation:***

AASHTO recommends that Congress replace the mileage caps in MAP-21 with standards and guidance for a designation process undertaken by the state DOTs in consultation with Metropolitan Planning Organizations (MPOs), local governments, the private sector and U.S. DOT, and giving the Secretary of U.S. DOT the authority to add,

but not delete, routes to those designated by the states to ensure connectivity. In addition, the criteria for critical rural freight corridors should be more flexible.

**FREIGHT CHALLENGE: ENSURE THE TRANSPORTATION PLANNING PROCESS LEADS TO INVESTMENTS DECISIONS THAT SUPPORT AND ENHANCE FREIGHT MOVEMENT**

*Performance Measures and Performance-Based Planning*

MAP-21's policy reforms include provisions for performance measurement and risk-based performance-based planning and programming. These two performance-related reforms will add to the performance information and management systems of the state DOTs and MPOs, enhancing their ability to direct federal resources to enable them to address their highest priority transportation needs with investments in projects that will yield the greatest benefits. It is important to note that the state DOTs have been engaged in using performance and asset management systems to guide investment and administration of their state transportation programs for more than a decade. The introduction of national performance measures will enable them to better coordinate and integrate achievement of national goals with their state transportation priorities.

MAP-21 requires specific freight-related performance measures for the "States to use to assess freight movement on the Interstate System." Since the enactment of MAP-21 AASHTO has been working in cooperation with the Federal Highway Administration (FHWA) to identify an appropriate national-level highway freight performance measure for Interstate System movements, and to address the associated issues related to measure definition, methodology, data, target setting, reporting and other technical issues. A team of experts in freight from state DOTs has identified two measures to assess freight movements:

- Annual Hours of Truck Delay (AHTD) – Travel time above the congestion threshold in units of vehicle-hours for trucks on the Interstate Highway System.
- Truck Reliability Index (RI<sub>90</sub>) – The RI is defined as the ratio of the total truck travel time need to ensure on-time arrival to the agency-determined threshold travel time (e.g., observed travel time or preferred travel time).

Full implementation of MAP-21's performance measures and performance-based planning and programming provisions will not be in place prior to the expiration of the current authorization period. We believe that the sufficient time will be needed to implement, "test-drive", and make adjustments to the measures, reporting process, and performance based planning process once the regulations are finalized.

*State Freight Plans and Freight Advisory Councils*

However, in the meantime, the state DOTs are continuing to advance the practice of performance management to assist in managing their programs and in ensuring best value for their

investments. Over 30 state DOTs now have a dedicated freight office or lead in their respective organizations.

In recent years, many states have also developed freight strategies, plans, programs and projects. AASHTO has identified 25 states that have State Freight Plans—13 individual State Freight Plans and an additional 12 that are incorporated into the state's strategic long-range transportation plan. Other states have separate modal plans that, if combined, would constitute freight plans.

In developing state freight plans, the focus, emphasis, priorities, analysis, scope and complexity of plans, will and should vary among the states depending on their size, economies, transportation systems and state-identified objectives. MAP-21 identifies six elements that the state freight plans must include. AASHTO is collaborating with U.S. DOT to determine how to meet the data and analysis needs for the preparation of state freight plans that contain the six required elements. In some cases this may involve U.S. DOT providing national data sets for the use of state DOTs.

MAP-21 also directs the USDOT to encourage states to establish freight advisory committees. A number of state DOTs have established freight advisory committees or their equivalent principally for the purpose of involving the private sector in freight strategies, plans, programs, and projects.

A state freight advisory council may take many forms depending upon the given state. Different institutional relationships exist between state DOTs and freight advisory committees, councils and advisory groups, and have generally proven effective.

Freight advisory committees are structured and operate in a variety of ways: groups that are organized and managed by the DOT; external groups that actively champion freight and advise the DOT through development agencies; the utilization of regional planning relationships; transient committees and groups that are formed for special projects and freight planning activities then disbanded; and freight advisory committees that are established and required by state law. What is important is the function.

In Wisconsin, we have placed an emphasis on freight planning. Our long-range multi-modal state transportation strategic plan, Connections 2030, incorporates strategic freight planning in all modes. We have also conducted several studies and published reports related to freight including a Truck Size and Weight Study and a Freight Data Report among others.

Given the multi- and intermodal nature of freight, we are also working on organizational and programmatic issues related to freight planning and management. We have established an internal Freight Policy Administrators Committee and work with businesses and stakeholder groups on both general freight policy and planning issues and specific freight-related issues and needs.

We are also developing data driven approaches to increasing weight limits and a performance based oversize/overweight permitting system. These will facilitate freight movement as well as provide increased operational and engineering support in moving oversize loads.

The state's Multimodal Freight Network (MFN) is a statewide transportation system that comprises highways, local roads, rail lines and freight terminals, ports, and airports. The MFN uses a data-driven approach - refined and validated through stakeholder outreach - which is focused on creating tools and data analysis methods to support freight transportation investment decision-making from a statewide, regional, and corridor perspective.

Wisconsin hosts the Governor's Annual Freight Summit which includes multimodal representation and stakeholder participation. This annual event is focused on providing a forum for external freight stakeholders to communicate transportation system/process impediments they are encountering on a state, regional, and national level. This venue also affords the state an opportunity to review previous concerns expressed by industry stakeholders and how the state has responded as well as new freight projects the state is engaged in. Neighboring state DOT agencies attend to learn about industry concerns and to identify opportunities to harmonize freight efforts with Wisconsin. The event is themed as "Freight Friendly Wisconsin".

***Recommendations:***

AASHTO recommends that U.S. DOT be encouraged to work with the state DOTs and MPOs to address data and analytic needs, and to provide technical support to advance the state of the practice of freight planning.

AASHTO recommends that the states and the U.S. DOT assess the experience of the states with freight advisory committees, and based on that, develop a program to encourage the development of committees in states that do not have them and improvements in states that do have them.

***Multi-State Freight Organizations***

We know that our Nation's economy is dependent on a well-functioning and efficient freight transportation system which in turn depends on the capacity, condition and operation of the underlying infrastructure. We also know that the demand for freight transportation is growing and with it, increased congestion and more chokepoints, all of which contribute to delay, unreliability and rising transport costs which are passed on to the costs of the goods. Living in a global economy means that more and more of our freight is moving across state jurisdictions. Almost 50 percent of the freight tonnage in the U.S. moved more than 100 miles; 19 percent moved more than 500 miles, and this percentage is growing.

Multistate planning is being employed to address the total freight trip which may move along multistate corridors. For more than 25 years, state DOTs have come together to provide a forum to address and plan for freight movement operations across state jurisdictions. More than a dozen formal and informal freight corridor coalitions exist today. These voluntary multi-state

freight organizations are contributing significantly in regional planning and consensus building to provide support for investments in regional freight projects.

The Mid-America Freight Coalition is a regional organization that cooperates in the planning, operation, preservation, and improvement of transportation infrastructure in the Midwest. The ten states of the AASHTO Mid-America Association of State Transportation Officials (MAASTO) share key interstate corridors, inland waterways, and the Great Lakes. Wisconsin is an active participant in this group and manages the group's federal pooled fund which utilizes federal and state funding to enable joint research projects and special studies.

In addition to the Mid-America Freight Coalition, I'd like to mention a few other multi-state freight related efforts Wisconsin is involved in. While these are not all of our efforts, they represent the broad range of activities that Wisconsin and other states are involved in to improve freight movement.

Wisconsin has created an Oversize/Overweight (OS/OW) Freight Network (the Network) to accommodate the exponential growth in specialized OS/OW shipments that move to, through, and from Wisconsin. The Network involves transfer points from rail, ferry, and ports and was developed in collaboration with our neighboring states of Iowa, Illinois, Michigan, and Minnesota. Wisconsin shippers, producers, and manufacturers rely heavily on the Network to move their products. As an example of how critical the Network is for Wisconsin businesses, one business relies on OS/OW routes for all of its products, shipping most outside the state. That business has more than doubled its employment in the last three years with the Network facilitating their success.

Wisconsin is also a member of the Great Lakes Regional Transportation Operations Coalition (GLRTOC), a partnership of agencies in the Great Lakes mega region with a goal of improving transportation operations in pursuit of regional economic competitiveness. One of GLRTOC's main strategic focus areas is efficient freight operations. Recently GLRTOC teamed with the Mid-America Freight Coalition on an effort to improve multistate system performance management and network operations to improve reliability for motor carriers and intermodal freight movements. In addition to Wisconsin DOT, the effort includes the Iowa, Illinois, Indiana, Michigan, Minnesota, and Ohio DOTs, the Indiana and Illinois Tollways, and the Ontario Ministry of Transportation.

We are currently partnering with Minnesota and Michigan on an FHWA pilot project to evaluate truck parking needs along the I-94 corridor. The project includes projected freight growth along the corridor as well as changes in hours of service regulations.

While not a highway freight project, I'd like to mention that Iowa, Illinois, Minnesota, Missouri, and Wisconsin have partnered to request the designation of the M-35 Marine Highway. The M-35 includes the Upper Mississippi River from St. Louis to the Twin Cities and will connect with the M-55 corridor providing a direct water route for freight from the Twin Cities to the Gulf of Mexico.

***Recommendation:***

AASHTO recommends enhanced eligibility for states to support multi-state corridor planning and/or multi-state organizations in order to enhance the ability to address multi-state projects and strategies to improve freight capacity, operations and connectivity.

**FREIGHT CHALLENGE: SUPPORT AND ENCOURAGE INNOVATION IN FREIGHT PLANNING AND PROJECT DELIVERY*****USDOT Multimodal Office***

There is no institutional mechanism within the U.S. DOT to address the multi-modal national freight planning needs across the various modal administrations. Such an office would provide a focal point for innovation and technology transfer.

***Recommendation:***

Congress should provide funding to establish and staff an Office of Multimodal Freight Transportation within the U.S. DOT Office of the Secretary with responsibilities that would include international freight transportation issues.

***Freight Research***

The National Cooperative Freight Research Program (NCFRP), authorized under the Safe Accountable Flexible Efficient Transportation Equity Act – A Legacy for Users (SAFETEA-LU) for \$5 million, was not reauthorized in MAP-21. NCFRP has produced numerous research products that provide significant assistance to States in their delivery of freight transportation projects.

***Recommendation:***

Congress should seek funding from within the funds allocated to transportation research to reestablish this successful program.

**CONCLUSION**

We applaud this Subcommittee and the leaders of the Transportation and Infrastructure Committee for your recognition of the significance of freight transportation to the Nation's and the states' economies. States have long recognized this importance by engaging in impressive and extensive statewide freight planning, active engagement with statewide freight advisory councils, and delivery of multimodal freight transportation programs that directly benefit and enhance freight mobility and the economy in their respective jurisdictions.

We look forward to working with you and with the U.S. DOT to implement a reauthorization bill that achieves the goal of making the transportation of goods as economically competitive,

efficient, frictionless, safe and environmentally sustainable as possible, and that maximizes the contributions that the states and the federal government, working cooperatively, can make to this effort

Thank you for the opportunity to testify on behalf of AASHTO.

## Testimony to the House Subcommittee on Highways and Transit

February 27, 2014

**Mayor Gerald R. Bennett**  
**City of Palos Hills, IL**  
**Chairman, Chicago Metropolitan Agency for Planning (CMAP)**

Thank you, Chairman Shuster, for this opportunity to testify. I would like to commend you, Congressman Lipinski, and the committee for your efforts in support of transportation in general and freight in particular.

My agency, the Chicago Metropolitan Agency for Planning (CMAP), elevated freight as a high priority within the region's award-winning GO TO 2040 comprehensive plan. Our region is an unparalleled hub not only for domestic but also for international freight.

- *Over a billion tons of freight worth more than \$3 trillion* move through the Chicago region each year.
- *A quarter of all U.S. freight and nearly half of all U.S. intermodal freight* originates, terminates, or passes through metropolitan Chicago.
- *Nearly half of freight in the region is "through traffic,"* an indication of our central role in the national freight system.

### **CREATE Program**

To address freight congestion, the Chicago Region Environmental and Transportation Efficiency (CREATE) program was established in 2003. This is a public-private partnership of the U.S. Department of Transportation, Illinois Department of Transportation, the Chicago Department of Transportation, Amtrak, the region's Metra transit system, and private railroads. CREATE is dedicated to implementing specific rail improvements in and around Chicago. Its 70 projects include new flyovers, grade separations, improved signaling, and equipment modernization. As of November 2013, 20 projects had been completed and 9 more are under construction.

Most of the completed projects are railroad improvements, many of which are on the Belt Corridor that circles Chicago to the west and south, with connections to multiple railroads. Eight of the 11 Belt Corridor projects have been completed, and another is under construction.

In contrast, relatively few projects have moved forward to mitigate freight's negative impacts on local communities. Only 3 of CREATE's 25 highway-rail grade separation projects have been completed, and only 3 are under construction. In fact, due to a lack of funding, 13 grade separations have not started at all and not one of the program's 7 passenger corridor projects was completed in the past ten years. This is also highly problematic because, in a truly



intermodal economy, grade separations facilitate the movement of truck traffic through the region. We need more federal investments to help complete these projects.

CREATE affects the global economic competitiveness not just of our state but the U.S. as a whole. The entire program is estimated to cost \$3.8 billion, but there is a \$2.5 billion funding gap. Through the efforts of Congressman Lipinski, CREATE received initial federal funding of \$100 million through the SAFETEA-LU Projects of National and Regional Significance (PNRS) program. About one-third of CREATE funding to date has come from federal sources, including PNRS, TIGER, and ARRA High Speed Rail programs. These federal investments have also been leveraged by more than \$400 million through State of Illinois capital programs. But without a dedicated source such as PNRS, CREATE and other vitally important freight partnerships cannot make adequate progress.

### **National Freight Policy**

Due to CREATE's national importance, continued federal assistance is critical. In some respects, the two-year MAP-21 reauthorization does more to recognize the vital role of freight in the U.S. economy. However, CMAP's position is that MAP-21 missed an opportunity to address freight needs comprehensively with adequate funding that treats all modes strategically. Furthermore, MAP-21 should have formalized the role of metropolitan regions in the development of recommended state freight plans.

CMAP is not alone in this position. With some of the largest metropolitan regions in the country, we have developed three principles for freight in the next transportation reauthorization bill:

- Integrate metropolitan regions into the freight investment decision-making process.
- Dedicate a range of funding sources and authorize a minimum of \$2 billion funding per year for freight investments, consistent with proposals from national freight advocacy organizations.
- Redefine the national freight network to comprise a multimodal transportation system.

We support a robust federal role in freight policy. It is time for the federal government to provide the leadership and resources to support a resilient national freight network.



## Biosketch

**Gerald R. Bennett**

*Mayor, City of Palos Hills*

*Chairman, Chicago Metropolitan Agency for Planning*

In serving as Mayor of the City of Palos Hills for over three decades, Gerald Bennett has been an outspoken advocate for uniting cities and villages. He founded and continues to serve as the President of the Southwest Conference of Mayors. He was a co-founder and serves as Chairman of the Board of the Southwest Central Dispatch (an intergovernmental police and fire 911 service). Bennett has served as past Chair of the Metropolitan Mayors Caucus and is currently a member of the Mayors Caucus Executive Committee. He is also the President of the Illinois Municipal League and was named co-chair of the Mayors Caucus 2016 Olympic Regional Coordinating Committee. As the representative from Southwest Cook County, Bennett holds the position of Chair of the Chicago Metropolitan Agency for Planning and its Executive Committee. A businessman for 40 years, Bennett is President of Bennett Dental Labs, Inc., in Palos Hills. Bennett attended Lewis University and the University of Illinois at Chicago.



**United States House Committee on Transportation and Infrastructure  
Subcommittee on Highways and Transit**

**“Improving the Nation’s Highway Freight Network”**

**Testimony of Henry J. Maier**

**President and Chief Executive Officer  
FedEx Ground Package System, Inc.**

**February 27, 2014**

Chairman Petri, Ranking Member Norton, and members of the subcommittee.

Thank you for giving FedEx the opportunity to testify today.

We commend this subcommittee for recognizing the critical importance of our nation’s transportation infrastructure and the essential role that the safe, clean and efficient movement of goods plays in ensuring our nation’s economic vitality, security and quality of life. This is a topic of utmost importance to millions of FedEx customers and stakeholders – and one that absolutely, positively affects our country’s ability to compete in a fast-evolving global marketplace.

FedEx Operations

Before I discuss FedEx’s perspective on ways to improve the nation’s highway freight network, allow me to briefly describe how FedEx operates.

I am President and CEO of FedEx Ground, one of four primary FedEx operating companies, along with FedEx Express, FedEx Freight, and FedEx Services. Together, our companies employ 300,000 team members who provide a broad portfolio of transportation, e-commerce and business services that generate revenues of \$45 billion a year.

More than 40 years ago, FedEx Express pioneered express overnight delivery and since then we have continued to explore new intermodal offerings through our portfolio of transportation companies. Collectively, our service offerings span the globe, connecting U.S. businesses and consumers to each other and to all major global marketplaces. Here in the United States, our independent transportation networks enable us to provide safe, reliable and efficient services to customers at the right time, at the right speed, and at the right price.

Our FedEx Express global air-ground system deploys a fleet of more than 640 aircraft and 47,000 surface vehicles to offer overnight shipping within the U.S. as well as linking the American economy to more than 90 percent of the world's GDP. FedEx Express carries 12 million pounds of freight each day and serves over 375 airports in more than 220 countries and territories. FedEx Express also provides air transportation services to the U.S. Postal Service, making us their largest single service supplier.

Our two surface transportation companies, FedEx Ground and FedEx Freight, are international operators that deploy a collective fleet of more than 53,000 surface vehicles to offer small parcel and less-than-truckload shipping (LTL) options to customers across the country. We use both road and rail to speed more than six million parcels and shipments a day from business-to-business and business-to-consumer.

Our FedEx Trade Network business provides freight forwarding services around the world, combining air, ground and ocean shipping options tailored to meet the varying needs of our customers.

FedEx is proud to be a part of a global multimodal transportation logistics system that provides millions of jobs to Americans, enriches consumer choice, and creates new markets for U.S. businesses. We also understand that highways are the bedrock of this system as the vast majority of freight is – and will continue to be – transported by trucks.

#### The FedEx Perspective

While a number of issues threaten the safe, reliable and efficient movement of freight on our nation's highways, two in particular pose the most egregious consequences for both businesses and the motoring public: traffic congestion and infrastructure deterioration.

Traffic congestion is not only a frustrating and inconvenient time drain, it is also inordinately expensive. A 2012 report from Texas A&M's Texas Transportation Institute indicates that congestion in 498 U.S. cities extracted a \$121 billion toll on the U.S. economy in 2011. This represents a 500% increase over 1982 levels. More than 20% of those costs were absorbed by the trucking industry and passed along to customers and consumers, according to the report.<sup>1</sup>

In 2011, the American Trucking Associations (ATA) reported that 67% of all U.S. domestic freight tonnage moved by truck. ATA's research also indicated that the volume of freight moving by truck is expected to more than double by 2035.<sup>2</sup> If we think gridlock is bad today, imagine twice as many trucks on the highways, not to mention more passenger vehicles.

The deterioration of our nation's highways and bridges is fast reaching crisis proportions. According to the Federal Highway Administration (FHWA),<sup>3</sup> more than 100,000 bridges across our nation require improvements or replacement. As a business whose customers rely on us for fast and reliable service, we can attest that impassable roads and bridges lead to increased costs, service delays and untold equipment damage.

Solutions to these widely recognized problems vary. To address the growing traffic congestion issue, the current Highway Bill – also called MAP-21 – calls for the identification of a 27,000 mile Primary Freight Network comprising highways viewed as essential to the delivery of goods. This is despite the fact that the FHWA asserts that more than 41,000 miles of highways would be necessary to achieve the desired state.

While FedEx agrees in principle with the Primary Freight Network concept, we have concerns based on its limited scope. We are aligned with the American Trucking Associations in calling for greater emphasis to be placed on critical freight corridors and intermodal highway connectors.

Alarming, investment in any solution may be at risk this year if Congress does not pass a well-funded Highway Bill – and since the current bill expires in September, time is of the essence.

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<sup>1</sup> Texas Transportation Institute at Texas A&M University, *2012 Urban Mobility Report*.

<sup>2</sup> American Trucking Associations, *American Trucking Trends 2013*.

<sup>3</sup> Federal Highway Administration, *National Bridge Inventory, Dec. 31, 2012*.

It is also crucial that we stabilize the National Highway Trust Fund, which – if left unaddressed – is on the brink of becoming insolvent this summer. Since 1956, this fund has been the source for capital required to maintain and upgrade the Interstate Highway System, among other major arteries for freight commerce.<sup>4</sup>

Clearly, there are no easy answers. But, in our view, the first step must be to establish a strategic national plan to address infrastructure needs and to identify sources of funding, both immediate and long term.

#### Efficiency and Productivity through Innovation

In other transportation modes, as service demand has increased over the years, equipment standards have been adjusted to accommodate more capacity, such as double-stacked rail containers, larger ocean vessels, and multiple variations of wide body aircraft.

It is time to make common-sense and forward-looking adjustments to modernize U.S. trucking equipment standards as well, so that they too keep pace with an evolving marketplace.

One way we can help freight move around the U.S. more efficiently is by exploring innovative solutions to maximize our existing infrastructure.

Both ground parcel and the less-than-truckload (LTL) industries rely primarily on twin trailers to haul freight. Over 30 years ago, long before the internet enabled us to buy virtually anything and have it delivered to our doorstep, Congress fixed a standard of 28 feet for twin trailers that states must allow on their highways.<sup>5</sup> Capacity expansion opportunities for these types of fleets have not been adjusted for two decades due to the federal freeze on truck size and weight under the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA).

In concert with many others engaged in the transportation industry, FedEx strongly supports the proposal to increase the national standard for twin trailers from the existing 28 feet to 33 feet. It is important to note that this solution does not require any change to gross vehicle weight and, in fact, could reduce the burden on our nation's highways by significantly slashing the number of trips and miles required to move freight.

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<sup>4</sup> U.S. Department of Transportation, Federal Highway Administration website, [www.fhwa.dot.gov](http://www.fhwa.dot.gov)

<sup>5</sup> April 24, 2013 Hearing on Overview of the U.S. Freight Transportation System, *Statement of Derek J. Leathers, President and Chief Operating Officer, Werner Enterprises, Inc.*

Based on data supplied by FedEx and six other carriers, including ABF, Con-way, Estes, Old Dominion, UPS, and YRC Worldwide, the use of 33-foot twin trailers would provide a carrier the potential, on any given lane, to absorb up to 18% of future growth, without traveling any additional miles or worsening wear and tear on our roadways. Industry-wide, that equals up to 1.8 billion fewer miles driven, more than 300 million gallons of gasoline saved and \$2.6 billion in reduced costs annually.

Importantly, a reduction in truck trips would be environmentally friendly, saving fuel and emissions from trucking.

This is an excellent example of an innovation that can have tremendous value – including increasing cost efficiencies – but it is one that cannot be implemented without Congress modernizing our transportation policy.

#### Safer, Cleaner, Better

In addition to exploring ways to build a more efficient highway freight network, FedEx believes that equal effort should be dedicated to operating more safely and cleanly. Through the steadfast nurturing of a stronger safety culture and the deployment of advanced safety technology, we are making progress as an industry. According to the National Highway Traffic Safety Administration, despite a steady increase in highway traffic, the number of truck-related fatalities and injuries has decreased by 24% and 39%, respectively, over the past decade.<sup>6</sup>

We stand in lockstep with others in the transportation industry in urging Congress to support the development and adoption of new on-board technology, such as stability control and forward collision mitigation systems, designed to dramatically reduce truck-related accidents.

Likewise, technology solutions are being deployed to enhance the environmental sustainability of our industry. At FedEx, we continue to focus on alternative transport fuel sources such as electricity, natural gas, and biofuels. We are also exploring new technologies and materials that will enhance efficiency, including how we load trucks and improve route structures to reduce miles. FedEx is incorporating renewable and alternative energy throughout our networks through testing alternate-fuel vehicles and installing solar panels on a number of our facilities.

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<sup>6</sup> U.S. Department of Transportation's National Highway Traffic Safety Administration, *2012 Fatality Analysis Reporting System*

Conclusion

Since our company's founding, we have enabled millions of U.S. businesses to connect with customers and suppliers around the world. In this world of globalization, powered by speed and technology, FedEx is poised to continue to help our nation compete. However, we and others in the transportation industry need an infrastructure that enables us to make the most out of all transportation options in a sustainable manner.

To address our infrastructure problems, we need a sound Highway Bill, with adequate sources of funding and one that provides opportunities for innovative ways to enhance productivity, including the use of 33-foot trailers.

We also need a Congress that is willing to support the development and adoption of new technologies that improve the safety, efficiency and sustainability of our highway freight network.

Lastly, we need to redefine the infrastructure debate in the U.S. so that everyone understands what is at stake. It is not simply about longer passenger commutes and inconvenient traffic jams, but about protecting the economy, enhancing competitiveness to create jobs, and supporting a high quality of life for all Americans today and tomorrow.



Volvo Group North America

**House Committee on Transportation & Infrastructure  
Subcommittee on Highways & Transit**

**February 27, 2014**

**Susan Alt  
Senior Vice President for Public Affairs  
Volvo Group North America**

Chairman Petri, Ranking Member Norton, and distinguished members of the subcommittee, I would like to thank you all for the opportunity to appear before you today and discuss the importance of American infrastructure, and specifically a robust freight system. My name is Susan Alt, I am the Senior Vice President for Public Affairs for Volvo Group North America and I have a background in logistics, having run Volvo's North American supply chain operations for over five years.

The Volvo Group is one of the world's leading manufacturers of trucks, buses, construction equipment, and drive systems for marine and industrial applications. In the United States we produce heavy duty trucks under the Volvo and Mack brands, Volvo construction equipment, Volvo Penta marine engines, diesel engines and heavy duty transmissions, and Prevost and Nova transit coaches and city buses. As a manufacturer Volvo Group subscribes to a "build where you sell" philosophy; and because the United

States is the single most important market to the Group worldwide, we have a substantial manufacturing presence in the U.S.

The Volvo Group has six manufacturing plants located on the east coast in the states of Virginia, Tennessee, Maryland, Pennsylvania and New York, and is headquartered in North Carolina. We employ more than 12,000 people in the U.S. and have invested nearly \$1.5 billion in our facilities in the last 10 years. We have been manufacturing in the United States since 1903. Volvo Group maintains a vast network of American suppliers to support these plants, touching every state in the lower 48. Still, we are both a major importer and exporter of goods. We rely on more than 50,000 truckloads of material each year to supply our plants. We rely heavily on the ports of Norfolk and Baltimore to import 25% of our production material, and those same ports plus Charleston, for the export of our finished goods. We rely on the entire interstate system for the movement of our material, most notably Interstate 81 as four of our factories are located alongside or very near it. It is America's infrastructure that makes all of this possible.

The health of America's freight network matters to Volvo not only because we want to sell more products, but because it has a direct impact on the competitiveness of our American manufacturing operations in the global economy. Like any other manufacturer, we rely on a vast supply chain and our nation's interconnected network of roads, airports, inland waterways and ports to support and supply our operations.

In recent years, the industry has embraced "just in time" and lean manufacturing philosophies to increase production efficiency in order to remain competitive in a market that demands products with a high level of customization and short lead times. This new

efficiency has manifested as a substantial benefit to Volvo Group, our customers, and the economy as a whole. However, to be efficient we must have the right material, at the right time, at the right place, and in the exact amount needed in the production cycle. In modern manufacturing, to be competitive, we cannot have excess inventory in our assembly or delivery process. We deliver parts to the production line just as they are needed for assembly. Our ability to move the parts from supplier to our factory- and finished goods from factory to our customers – relies on the infrastructure of America; the highways, the railways, the air space and our sea ports. America's infrastructure is essential to our – and all manufacturers' – competitiveness in the world economy.

If we design a material flow with five hours transit time to arrival, and it arrives in six, that one delivery could mean shutting down the line...sending workers home.... negatively impacting our products, our people, and their communities.

We know there are things none of us can control that will impact delivery times, but we can plan for those scenarios and build in buffer stocks for a short period if we EXPECT delays in coming days.

What we cannot control, and cannot plan for, are unexpected delays due to traffic congestion – either at the sea port, the airport, or the highway.

This is where we get in real trouble -- when a truck is caught in a traffic jam and can't make his delivery. The ripple effect of one late delivery can be costly. It means we don't build the product on time – tying up capital; it means the product will be re-worked – tying up man-hours and not following normal quality production; it means sending workers home early; it means not delivering to a customer on time and hurting our competitiveness...all because of that one missed shipment.

The speed with which we can move goods has never been more critical to our success. If we cannot move goods quickly and consistently we cannot provide the advantage of efficiency to our customers, and we cannot be competitive.

This committee's own *Panel on 21<sup>st</sup> Century Freight Transportation* recognized the importance of efficient and safe movement of goods in and out of the United States. The panel further recognized that "the current state of highway infrastructure does not adequately serve the needs of those moving goods across the nation." We agree.

While manufacturers and other shippers are performing optimally for today, we are not well-prepared for tomorrow. Highway infrastructure continues to age without a systematic program to modernize key interstate networks, traffic is returning to peak levels that we have not experienced since before 2008 and we are gradually experiencing economic growth with a strong emphasis on exports.

The Volvo Group urges lawmakers to address this challenge directly and with a clear purpose. Logistics is all about planning. We have to have plans in moving manufactured products and freight and if plans and contingences don't exist, the customer is lost and it reflects poorly on the company. Congress finds itself in a similar situation, and if a long term plan cannot be identified it is the country that will suffer. We recognize that the choices ahead for the committee are neither easy nor painless.

A recent survey of American manufacturers conducted by the National Association of Manufacturers (NAM) and Building America's Future found that 70 percent of 400 surveyed manufacturers believe that American infrastructure is in fair or poor shape and needs a great deal or quite a bit of improvement. There was a unanimous view that not one sector of infrastructure is performing at a pace to keep up with the

needs of business. Further, two-thirds doubted that infrastructure is positioned to respond to the competitive demands of a growing economy.

The last major transportation reauthorization, Moving Ahead for Progress in the 21st Century (MAP-21), was an important step in implementing key surface transportation policy reforms. However, infrastructure investment must be considered as a long-term strategic objective. The Volvo Group believes that a full **six year, well-funded** reauthorization is needed to address the persistent challenges that are already well-documented and recognized as problems facing our transportation system.

Commercial and private drivers alike can agree that America's roads are in poor or mediocre condition. As we move forward we know that this problem will be compounded by heavier use. A 2012 report from Building America's Future found that freight tonnage is projected to increase 88 percent by 2035, port volumes will double by 2020, and passenger miles traveled will increase 80 percent in 30 years. This prediction was supported by the freight panel, which noted that America's reliance on the highway system is growing faster than the system itself. This growth leads to increased traffic congestion, a problem that is already a severe drain on the economy. In fact, the Texas Transportation Institute found that congestion in 498 American cities cost the economy \$121 billion in 2011, up from an inflation adjusted \$24 billion in 1982.

Let me give you one example. Our largest truck factory sits in southwest Virginia along Interstate 81. That plant employs some 2300 workers and is a major employer in the region. We have a large amount of material that travels south on I-81 along a stretch of mountains near Blacksburg, VA, that, until a third truck lane was added, was the site of many accidents, resulting in frequent delivery delays and production disruptions for

our plant. Since the opening of the third lane, we have a marked improvement in on-time deliveries from that route. This is a real world savings that directly benefits our customers, as well as the safety of the driving public.

Virtually every trip in America, commercial or personal, begins and ends on a road. Increased congestion and poor road conditions are not problems that can be efficiently avoided. As the situation continues to worsen, it will continue to negatively impact our competitiveness, as we will have to add buffer stock and design a less efficient material flow with even more trucks, running more frequently, with smaller quantities of parts to ensure we feed that production line....And of course, this leads to higher costs and even more congestion! Modern, world-class roads are needed to support our ports, freight rail and aviation—these modes of transportation are all inextricably linked, and all are needed to realize the competitive advantages of a safe and efficient transportation network.

The Volvo Group strives to design the most efficient and comfortable trucks for its customers. We invest substantial time and capital to ensure that our customers can move freight in the most economical manner possible, but there is only so much we can compensate for through design. If the roads are substandard efficiency suffers, the drivers suffer, and at the end of the day our nation's economy suffers.

We need long term funding for our infrastructure –ideally six years. We need to be sure the funding mechanism allows us to mend and repair our infrastructure, as well as add where we already have or expect to have bottlenecks. A strong infrastructure has a direct and vital impact on America's backbone of manufacturing.

Further, the next authorization must continue to build upon the success of MAP-21 reforms and make improvements where efficiencies have not materialized. When a transportation project can't get off the ground because of a lack of funding or bureaucratic delays, opportunities and jobs are lost.

Congress must take the next steps and return to a fully funded, multiyear surface transportation authorization that offers support for infrastructure projects that improve safety, facilitate trade and create jobs. It is absolutely vital that Congress bring the federal Highway Trust Fund to an improved condition of solvency and sustainability.

Transportation moves our economy, and we need every sector of our economy functioning to maintain growth and remain competitive globally. A strong infrastructure has a direct and vital impact on America's competitiveness. If America is to continue to lead the way in high-value, state-of-the-art manufacturing, our infrastructure can no longer get by on the status quo. Chairman Petri, thank you for the opportunity to testify today, and I will be happy to respond to any questions.

###

**Response of Safety Groups to Written Testimony of Henry Maier, President and CEO of FedEx Ground Package System, Inc. before the Subcommittee on Highways and Transit Hearing on, "Improving the Nation's Highway Freight Network" on February 27, 2014**

*Claim: "While a number of issues threaten the safe, reliable and efficient movement of freight on our nation's highways, two in particular pose the most egregious consequences of both business and the motoring public: traffic congestion and infrastructure deterioration." (bottom of p.2)*

**Fact:** Endangering the safety of the public is the *most egregious consequence* of freight movement, not traffic congestion and infrastructure deterioration. Every year on average, over 4,000 people are killed and nearly 100,000 are injured in large truck crashes.<sup>1</sup> In fatal two-vehicle crashes involving a passenger vehicle and a large truck, 98 percent of deaths are occupants of the passenger vehicle.<sup>2</sup> The annual cost to society from crashes involving commercial motor vehicles is estimated to be over \$83 billion.<sup>3</sup> Large truck crash fatalities increased by 4 percent in 2012.<sup>4</sup> This follows a 2 percent increase in 2011 and a 9 percent increase in 2010, despite a decline in overall motor vehicle deaths.<sup>5</sup> Further, there was an 18 percent increase in 2012 of those injured in large truck crashes.<sup>6</sup> Speeding, distraction/inattention, and impairment were the three most common driver-related factors among truck drivers in large truck fatal crashes. The most common impairment reported was 'asleep or fatigued'.<sup>7</sup> By a wide margin, more fatalities occur in trucking than any other mode of freight transportation.<sup>8</sup>

*Claim: The proposal to increase the national standard for twin trailers from the existing 28 feet to 33 feet "could reduce the burden on our nation's highways by significantly slashing the number of trips and miles required to move freight." (bottom of p.4)*

**Fact:** This assertion is contradicted by real-world historical data. Increases in truck size and weights over more than 35 years have never resulted in fewer heavier trucks on the roads.<sup>9</sup> Additionally, this proposal will likely increase the financial burden on state and local governments that will need to improve and update tens of thousands of on and off-ramps and roadways to accommodate these larger trucks since it will preempt existing truck length laws in 39 states and DC.

*Claim: "[T]he use of 33-foot twin trailers would provide a carrier the potential, on any given lane, to absorb up to 18% of future growth, without traveling any additional miles or worsening wear and tear on our roadways. Industry-wide, that equals up to 1.8 billion fewer miles driven, more than 300 million gallons of gasoline saved and \$2.6 billion in reduced costs annually." (top of p.5)*

**Fact:** This assertion, that higher capacity vehicles result in fewer vehicle-miles travelled for a given amount of freight, is only true if freight tonnage shipped nationally remains stagnant and does not increase from year to year. This simplistic analysis ignores the basic economic reality that the national economy is growing. Historically, in the real world, when federal truck size or weight limits have been increased, the number of registered trucks (and trailers) also has increased, sometimes dramatically so, due to economies of scale and the expansion of the

economy. In fact, the Federal Highway Administration (FHWA) estimates that by the year 2040 freight tonnage shipped by truck will increase by 63 percent, overwhelming any claims of marginal savings from 33-foot trailers and probably leading to industry calls for even longer, larger and heavier truck configurations. The claimed savings will not be realized for the following reasons:

- First, increasing vehicle cargo capacity makes the movement of freight on longer trucks more competitive than freight transportation by other means. As a result, more shippers want to use the larger trucks and more freight carriers purchase the larger trucks adding a large number of new trucks on the road. But the older, comparatively smaller trucks still remain on the road (truck trailers have a useful life of more than 20 years). Because the overall number of trucks on the road will increase, that will negate any asserted savings in miles travelled and gasoline use.
- Second, because of the comparative efficiency, the demand for shipments using these trucks will divert freight away from other freight transportation modes, increasing the market share of truck freight transportation which will expand the need for more trucks (and trailers) on U.S. roads and undermine any claimed savings in truck miles of travel and gas use.
- In addition, the wider use of larger trucks provides a competitive advantage to those larger businesses that can afford to upgrade and purchase the larger vehicles, and reap the economic advantages. However, it places smaller carriers and independent owner-operators who are not in a position to purchase expensive new equipment at a competitive and economic disadvantage. These carriers would have to increase miles of travel and gas use in order to remain competitive.
- Also, the efficiencies purported ignore the fact that 33 foot trailers would weigh more when empty than 28 foot trailers, which would decrease the calculated efficiency estimates on those portions of trips when operating below capacity or empty. The efficiencies purported also appear to make the spurious assumption that two vehicles of different lengths (28 ft vs 33 ft) would both be filled to equal weights despite one carrying more volume of freight of a similar average density.
- Claims that the most effective means of improving efficiency is to increase trailer cargo volume entirely ignores other means of improving efficiency, such as consolidating cargo so that the 28 foot trailers which now operate at less than full capacity, or run empty on portions of trips or when returning to a distribution center (deadhead), operate at or near full capacity.
- Finally, the U.S. taxpayer unfairly subsidizes bigger, heavier trucks. According to the FHWA, a truck weighing over 80,000 pounds only pays between 40 and 50 percent of its cost responsibility.<sup>10</sup> The 2007 Transportation for Tomorrow report, mandated by Congress, confirmed that heavy trucks were underpaying their fair share for highway use, that user fee fairness could be achieved through weight-distance taxes, that heavy trucks should pay an infrastructure damage fee, and that the Heavy Vehicle Use Tax—which only contributes \$1 billion annually to the Highway Trust Fund—had not been changed since the early 1980s.<sup>11</sup>

*Claim: "Through the steadfast nurturing of a stronger safety culture and the deployment of advanced safety technology, we are making progress as an industry. According to the National*

*Highway Traffic Safety Administration, despite a steady increase in highway traffic, the number of truck-related fatalities and injuries has decreased by 24% and 39%, respectively, over the past decade.” (mid p.5)*

**Fact:** Unfortunately, for decades, many in the trucking industry have fought against major safety advancements and regulations including electronic on-board recorders (EOBRs), improved hours of service (HOS) limits, as well as rear and side impact protection guard requirements. While truck crash-related fatalities decreased in the past decade, a large part of that decrease may have been the result of the 2007-2010 recession and decrease in passenger vehicle and truck mileage and, therefore, crash exposure.<sup>12</sup> Moreover, the truck fatality rate fell more slowly than the fatality rate for passenger vehicles, indicating that truck safety lagged behind overall traffic safety.<sup>13</sup> Finally, the annual truck crash fatality total has increased for the past three years, unlike passenger vehicle fatalities which began increasing again just last year.<sup>14</sup>

*Claim: “In concert with many others engaged in the transportation industry, FedEx strongly supports the proposal to increase the national standard for twin trailers from the existing 28 feet to 33 feet.” (bottom p. 4)*

**Fact:** The majority of highway transportation users including truck drivers engaged in the transportation industry, in fact, strongly oppose this proposal. The following organizations representing truck drivers – International Brotherhood of Teamsters and the Owner Operator Independent Drivers Association (OOIDA), law enforcement – National Troopers Coalition, truck crash victims and survivors – Citizens for Reliable and Safe Highways (CRASH), Parents Against Tired Truckers (P.A.T.T.), and Truck Safety Coalition, and public health and safety - Advocates for Highway and Auto Safety, Center for Auto Safety, Coalition Against Bigger Trucks (CABT), Consumer Federation of America, KidsAndCars.org, and Trauma Foundation strongly oppose this proposal.

<sup>1</sup> Traffic Safety Facts: Large Trucks, NHTSA reports from 2003-2012.

<sup>2</sup> Large Trucks Q&A, Insurance Institute for Highway Safety (IIHS), available at <http://www.iihs.org/iihs/topics/l/large-trucks/qanda>

<sup>3</sup> Commercial Motor Vehicle Facts-March 2013, FMCSA, available at <http://www.fmcsa.dot.gov/documents/facts-research/CMV-Facts.pdf>.

<sup>4</sup> Traffic Safety Facts 2012 Data: Large Trucks, NHTSA, Jan. 2014, DOT HS 811 868, available at <http://www-nrd.nhtsa.dot.gov/Pubs/811868.pdf>.

<sup>5</sup> Traffic Safety Facts 2010 Data: large Trucks, NHTSA, Jun. 2012, DOT HS 811 628, available at <http://www-nrd.nhtsa.dot.gov/Pubs/811628.pdf>; and Traffic Safety Facts 2011 Data: Large Trucks, NHTSA, Apr. 2013, DOT HS 811 752, available at <http://www-nrd.nhtsa.dot.gov/Pubs/811752.pdf>.

<sup>6</sup> Traffic Safety Facts 2012 Data: Large Trucks, NHTSA, Jan. 2014, DOT HS 811 868, available at <http://www-nrd.nhtsa.dot.gov/Pubs/811868.pdf>.

<sup>7</sup> Large Truck and Bus Crash Facts, FMCSA Analysis Division, October 2013, FMCSA-RRA-13-049.

<sup>8</sup> National Transportation Statistics, Table 2-1: Transportation Fatalities by Mode, Bureau of Transportation Statistics, available at [http://www.rita.dot.gov/bts/sites/rita.dot.gov.bts/files/publications/national\\_transportation\\_statistics/html/table\\_02\\_01.html\\_mfd](http://www.rita.dot.gov/bts/sites/rita.dot.gov.bts/files/publications/national_transportation_statistics/html/table_02_01.html_mfd)

<sup>9</sup> Advocates for Highway and Auto Safety, analysis of for-hire truck registrations in the Truck Inventory and Use Survey / Vehicle Inventory and Use Survey, FHWA data, and Maine-Vermont Pilot Program data.

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- <sup>10</sup> 2000 Federal Highway User Fee Equity Ratios, Addendum to the 1997 Federal Highway Cost Allocation Study Final Report, FHWA, May 2000, available at <http://www.fhwa.dot.gov/policy/heas/addendum.htm>.
- <sup>11</sup> Report of the National Surface Transportation Policy and Revenue Study Commission, Transportation for Tomorrow, Dec. 2007, available at [http://transportationfortomorrow.com/final\\_report/pdf/final\\_report.pdf](http://transportationfortomorrow.com/final_report/pdf/final_report.pdf).
- <sup>12</sup> Traffic Safety Facts 2011: A Compilation of Motor Vehicle Crash Data from the Fatality Analysis Reporting System and the General Estimates System, NHTSA, DOT HS 811 754.
- <sup>13</sup> Traffic Safety Facts 2011: A Compilation of Motor Vehicle Crash Data from the Fatality Analysis Reporting System and the General Estimates System, NHTSA, DOT HS 811 754.
- <sup>14</sup> Traffic Safety Facts 2012 Data: Large Trucks, NHTSA, Jan. 2014, DOT HS 811 868, available at <http://www-nrd.nhtsa.dot.gov/Pubs/811868.pdf>; Traffic Safety Facts 2010 Data: large Trucks, NHTSA, Jun. 2012, DOT HS 811 628, available at <http://www-nrd.nhtsa.dot.gov/Pubs/811628.pdf>; and Traffic Safety Facts 2011 Data: Large Trucks, NHTSA, Apr. 2013, DOT HS 811 752, available at <http://www-nrd.nhtsa.dot.gov/Pubs/811752.pdf>.



February 27, 2014

The Hon. Thomas Petri  
 Chairman  
 Highways & Transit Subcommittee  
 U.S. House of Representatives  
 B-376 Rayburn H.O.B.  
 Washington, DC 20515

The Hon. Eleanor Holmes Norton  
 Ranking Member  
 Highways & Transit Subcommittee  
 U.S. House of Representatives  
 2163 Rayburn H.O.B.  
 Washington, DC 20515

Dear Chairman Petri and Ranking Member Norton:

We would like to thank you for holding the hearing titled "Improving the Nation's Highway Freight Network" and applaud your leadership by considering necessary policies to make sure that goods move efficiently across this country. An efficient goods movement industry and infrastructure is vital to economic prosperity.

By way of background, the Diesel Technology Forum is Maryland-based educational not-for-profit organization whose members include leaders in diesel engine, equipment and vehicle manufacturing including highway and infrastructure construction equipment.

We would like to take this opportunity to highlight the important emissions milestones achieved in the on- and off-road population of diesel vehicles and equipment in our goods movement and construction equipment sectors and highlight how these changes reduce emissions, improve air quality, and conserve fuel.

#### **DIESEL IS THE LIFEblood OF THE TRANSPORTATION SYSTEM**

The goods movement and construction industries almost exclusively operate on diesel fuel and engines. Unique attributes of diesel fuel make it the most energy dense transportation fuel surpassing gasoline and natural gas. The diesel engine is capable of transferring this energy density into power efficiently. This is why over 98% of heavy duty vehicles, trucks and equipment are powered by diesel.

Much of the freight traffic moves by way of trucks, trains, ships and barges which are powered almost exclusively by diesel. Public works projects needed to insure that this cargo moves efficiently through the freight network of roads, highways, bridges, tunnels, railroads, airports, seaports and inland waterways are constructed using equipment that is overwhelmingly powered by diesel engines and fuel.

#### **DIESEL TECHNOLOGY NOW WITH NEAR ZERO EMISSIONS IS A KEY PLAYER IN THE NATION'S ENERGY FUTURE**

The National Petroleum Council, International Energy Agency and ExxonMobil have all concluded that diesel will remain the predominant powertrain in heavy duty applications and the predominant global transportation powertrain in the future. Much attention has been granted to emerging fuels, such as natural gas. However, these groups all conclude that natural gas will not be able to compete with the diesel given the inherent efficiency of the diesel engine and the energy density of diesel fuel. Natural gas and other emerging fuels may find a place as a niche fuel in certain niche heavy duty applications such as refuse hauling and airport shuttles.

Thanks to the introduction and widespread availability of ultra-low sulfur diesel fuel (ULSD) in 2006-2007, new engine and aftertreatment technologies significantly reduce many criteria pollutants including particulate matter (PM), or soot, and oxides of nitrogen (NOX), a smog forming pollutant. A truck manufactured in 2007 emits 98 percent less particulate matter and NOX relative to a truck manufactured in 1988. Thanks to these emission reduction technologies, the California Air Resources Board estimates that the heavy duty truck fleet in California will contribute far less PM than other sources including residential fuel consumption and road dust.

#### **NEW TECHNOLOGY DIESEL ENGINES NOW MAKE UP NEARLY ONE-THIRD OF ALL TRUCKS, YIELDING SIGNIFICANT FUEL SAVINGS AND CLEAN AIR BENEFITS**

Today, almost 33% of the heavy-duty vehicle fleet (Class 4-8) meets or exceeds 2007 EPA emissions standards covering over 2.86 million vehicles on the road today. Another 14.7%, or 1.29 million vehicles, meet or exceed the stricter 2010 standard. According to research commissioned by the Diesel Technology Forum, new technology diesel engines also contribute to greater fuel efficiency. The owner of a typical Class 8 heavy duty truck that meets the 2007 clean diesel standard will save \$3,500 in fuel costs each year while conserving 21 barrels of crude oil, 875 gallons of fuel and eliminating 8.9 tonnes of CO<sub>2</sub>. All Class 4-8 trucks on the road today deployed with new clean diesel engines save 13.3 million barrels of crude oil, 560 million gallons of fuel and eliminate 5.7 million tonnes of CO<sub>2</sub>.

Fuel savings and emissions reductions from the heavy duty fleet are expected to improve as equipment that complies with the first heavy duty fuel economy and greenhouse gas reduction requirements hit showrooms this year. Manufacturers are meeting these targets through continued advancements in engine and aftertreatment technologies along with advanced aerodynamics, transmission, tire and other technologies that improve fuel economy.

#### **NEW TECHNOLOGY CLEAN DIESEL ENGINES NOW IN CONSTRUCTION AND INDUSTRIAL EQUIPMENT**

2014 is another milestone year for diesel beyond heavy duty trucks and vehicles. This year, new engines found in the most commonly used construction equipment at work on transportation projects, will have near-zero emissions for levels of NO<sub>x</sub> and particulate matter. Equipment and engine manufacturers are also deploying technologies to significantly improve fuel efficiency saving equipment owners fuel expenses while reducing carbon emissions. Several manufacturers are investing in exciting hybridization devices to meet Tier 4 standards. These include standard battery devices and even hybrid hydraulic systems. These hybrid technologies allow for a downsized engine to operate alongside a hybrid system to improve fuel economy.

#### **DIESEL ENGINE AND EQUIPMENT MANUFACTURING IS AN ECONOMIC POWERHOUSE AND JOB CREATOR**

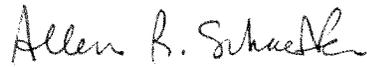
These impressive emission reduction, engine and hybrid technologies are also a showcase of U.S. engineering and manufacturing expertise. Over 90% of the heavy duty truck fleet is manufactured in the U.S. One in every four engines manufactured in the U.S. is destined for overseas markets. \$46.2 billion of diesel technology (engines, vehicles, equipment, parts and fuel) was exported representing 4.4% of total U.S. exports. In fact, diesel technology is heavily export oriented with an export-to-value five times higher than the national average. The manufacture of diesel technology helps sustain 1.25 million jobs and generates \$186 billion in national income in 2009, the last year for which statistics are available.

Roughly one out of every two sectors of the economy is dependent on diesel engines and fuel. As mentioned earlier, it is the primary fuel and powertrain used to move people and commerce across the country.

While much attention has been placed on natural gas as a possible replacement fuel for diesel in the heavy duty fleet, natural gas cannot match the energy density of diesel. Today, over 98% of Class 4-8 vehicles are powered by diesel. The Fuels Institute predicts that roughly 94.5% of heavy duty vehicles will be powered by diesel by 2023 as natural gas is expected to power the remaining 5%. Clearly, the U.S. economy depends on diesel. Thanks to impressive investments in clean technology, diesel powered equipment and vehicles are cleaner and more efficient. Many engine manufacturers now report very little discernible difference in emissions between a new clean diesel engine and a comparable natural gas powered engine. With continuing investments in clean diesel technology, these vehicles and equipment will get even cleaner.

We appreciate the time and attention the Highways and Transit Subcommittee has invested into examining needed changes to improve the movement of commerce and we hope that you will consider our group as a useful resource.

Thank you,

A handwritten signature in black ink that reads "Allen R. Schaeffer". The signature is written in a cursive style with a large, stylized initial 'A'.

Allen Schaeffer  
Executive Director

February 26, 2014

The Honorable Bill Shuster  
Chair  
Committee on Transportation and Infrastructure  
U.S. House of Representatives  
Washington, D.C. 20515

Sent via fax: 202-225-4629

The Honorable Nick J. Rahall II  
Ranking Member  
Committee on Transportation and  
Infrastructure  
U.S. House of Representatives  
Washington, D.C. 20515  
Sent via fax: 202-226-1270

Dear Chairman Shuster and Ranking Member Rahall:

We are writing regarding the "Surface Transportation Reauthorization Roundtable" on February 26, 2014, and the "Improving the Nation's Highway Freight Network" Hearing on February 27, 2014. Considering the lack of representation from the safety community during these important sessions, we are submitting this letter and request that it be included in the Record for the Hearing. We look forward to continuing to work together during the development of the surface transportation reauthorization legislation to advance safety.

It is essential that legislative proposals and provisions address the mounting death and injury toll on our streets and highways. After six consecutive years of declining fatalities on our nation's roads, traffic deaths increased in 2012 to 33,561 fatalities. Moreover, 2012 fatality figures show an increase in large truck fatalities for the third year in a row – a 16 percent increase in truck crash deaths since 2009. In 2012, 3,921 people were killed on our roads in large truck crashes. In fatal truck/car crashes, 98 percent of the deaths are the occupants of the passenger vehicle. According to the federal government, the annual cost to society from crashes involving commercial motor vehicles is estimated to be over \$83 billion. The economic and emotional toll of crashes involving large trucks is significant. Thousands of deaths, tens of thousands of injuries and billions of dollars should not be considered an acceptable cost of doing business when freight is moved across the country by truck.

Our organizations strongly oppose efforts in the surface transportation reauthorization bill to increase federal truck size and weight limits nationally or by state option. Furthermore, we object to including special interest size and weight exemptions for specific industries and specific roads. Instead, we urge Congress to adopt safety proposals which will improve the safety on our highways rather than further endanger motorists and truck drivers. Attached is a chart showing the death and injury toll by freight mode. This Committee would never seriously advance any legislation that would jeopardize public safety in aviation, pipeline or waterborne transportation or rail in order to accommodate industry claims and recommendations for making so-called improvements in freight movement. Yet, numerous proposals are being promoted and pushed under the ruse of freight transportation "efficiency" and ironically, "safety" that will actually result in increased truck crashes, deaths and injuries.

Over three decades of research and real-world experience show that allowing bigger, heavier trucks will not result in fewer trucks or make our roads safer. Furthermore, allowing even bigger, heavier trucks will make a serious infrastructure funding problem even worse. Longer

Combination Vehicles (LCVs), large double and triple-trailer trucks, and other heavy trucks do not pay the full costs of their operations and damage to our nation's roads and bridges. As a result taxpayers must make up the difference.

Furthermore, our organizations oppose any change to national freight policy by legislatively mandating that states must allow 33 foot double trailer rigs. Any requirement that forces every state to allow 33 foot trailers will have major safety ramifications and preempt state laws in 39 states and the District of Columbia which currently do not allow these longer trailers including: AL, AK, AR, CA, CO, CT, DE, GA, HI, IL, KS, KY, LA, ME, MD, MI, MN, MS, MO, NE, NH, NJ, NM, NY, NC, ND, OH, OK, PA, RI, SC, SD, TN, TX, VT, VA, WA, WV, and WI. Enactment of legislation on behalf of trucking interests will force states that currently do not allow 33 foot trailers amounts to an unfunded mandate forcing states to pay for expensive infrastructure improvements and rebuilding to accommodate oversized rigs on interstates and on- and off-ramps.

Longer trucks are more dangerous to passenger cars. Adding at least 10 feet to the length of current double or tandem rigs, has far reaching and significant implications for the safe use of highways, bridges and ramps. Furthermore, this change could open the door to triple-trailer trucks using 33 foot trailers, which would be well over 100 feet long, compared to the length of an average family car, which is only about 16 feet.

Opposition to proposals to increase truck size and weight limits include a broad coalition of groups representing truck crash victims/survivors, consumer, health and safety groups, law enforcement, and truck drivers because they know first-hand the inherent dangers and difficulties of operating overweight and oversized vehicles on our streets and highways. Furthermore, public opposition is clear and consistent – the public overwhelmingly opposes industry's relentless push to increase the size and weight of large trucks. A 2008 public opinion poll showed 82 percent of Americans feel trucks pulling double or triple trailers are more dangerous than those pulling just a single trailer. Further, a 2013 public opinion poll found 68 percent of Americans oppose heavier trucks and 88 percent of Americans do not want to pay higher taxes for the damage caused by heavier trucks.

We would also like to take this opportunity to express grave concerns regarding the progress of the Comprehensive Truck Size and Weight Limits Study ("Study") required in the Moving Ahead for Progress in the 21<sup>st</sup> Century (MAP-21) Act, Pub. L. 112-141 (2012). Because of ongoing problems with the implementation, peer review and agency decisions regarding research elements of the Study, it will not yield accurate, objective or reliable results on which to base any public policy recommendations regarding the safety or infrastructure impacts of changing current federal policy on truck size and weights limits.

The Study is fraught with numerous deficiencies. For example, one of the most egregious problems with the Study is that it assumes a static "snapshot" of current freight tonnage, ignoring estimated future increases in freight shipment by truck. This assumption allows the Study to conclude that heavier/larger trucks, transporting more freight, will make fewer trips and result in fewer trucks on the road. This is a false premise because the number of registered trucks in the U.S. has continually increased, including after every past increase in truck size and weight limits.

Most recently, in 2010, when the Federal weight limit was increased on I-95 in Maine, the number of trucks using that highway rose dramatically. Ignoring the future expansion of truck freight is a serious and grievous flaw.

The decision by the Federal Highway Administration (FHWA) to adopt a “no forecasting policy” with regard to future freight tonnage shipped by truck contradicts the FHWA’s own estimate of a significant increase in shipments – a *63 percent increase in truck freight by 2040*. The Study, however, will not account for this expected increase which is irrational and unrealistic since, over time, freight tonnage shipped by truck has nearly always increased. The failure to consider this fact severely damages the validity of the Study, limits its use as a policy tool, and will provide Congress with misleading results.

The Study also plans to accept “voluntarily” submitted fleet data through trucking associations and motor carriers that have a vested economic interest in the outcome of the Study. Voluntary industry-collected data is suspect from an objective scientific standpoint because it is not uniform in quality and may introduce bias into the collected data. Use of voluntary data from advocates with a stake in the public policy outcome is highly suspect, biased and prejudicial. Safety data on the specific truck configurations in the Study is limited and there is currently no crash data to quantitatively measure safety. Lacking safety data that is directly applicable to the configurations being evaluated, the agency contractor is planning to use indirect, surrogate metrics which will result in an inaccurate measure of large truck safety for analysis. This is objectionable and unacceptable.

Additionally, the Study will include only limited data from a few states to evaluate the truck configurations in the Study, and truck configurations selected are not representative of actual conditions. These states are not representative of the topography, road conditions and urban traffic in most of the U.S. The data from these states is inadequate to make generalizations to operations that are national in scope.

Turnpike Doubles and Rocky Mountain Doubles are the heaviest and longest double-trailer truck configurations currently in operation in 21 states. Studies have found that these trucks would have the greatest impact on infrastructure and safety. But these trucks are not being evaluated in the current Study. By not including this configuration in its analysis, the Study will understate the impacts of proposed truck size and weight changes. Moreover, the Study will rely on computer simulations in lieu of real-world data on operational safety. Two-dimensional simulations are limited in applicability to real-world performance and cannot, for example, directly link on-road crash rates with a dynamic performance measure like vehicle off-tracking.

Another serious problem with the Study is that it will use data on only 400 bridges, approximately 0.1 percent of the more than 600,000 bridges in the National Bridge Inventory. This small sample size does not take into account structurally deficient and load-posted bridges, and will not produce accurate results. Additionally, the Study will not look at specific pavement thickness or strength, but only two modes, i.e., whether pavement is flexible or rigid. This will render a suboptimal analysis. The Study analysis is also largely limited to major routes on the national truck network. Consideration of the effects on local roads and bridges which connect to the network and will also bear the ramification of size/weight increases is too small and

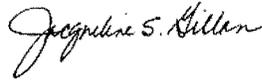
insubstantial to provide an accurate assessment of these negative impacts. The omission of local roadway and bridge data will critically affect the Study's pavement analysis, as well as its safety and cost analyses.

Additionally, the environmental analysis has been relegated to a subtask of the modal shift analysis. As a result, it will underestimate and downplay the overall environmental impact on air quality and fuel consumption of truck size and weight increases.

Everyday millions of motorists and large trucks share our highways. Families, workers and commercial interests have a personal and financial stake in ensuring our streets and highways are well-maintained, well-preserved and adequately funded. However, public policy decisions should not include trade-offs that favor some users over others, particularly when lives are at stake. We know you also support our goal of guaranteeing the safety of all highway users including families, truck drivers, pedestrians, bicyclists and businesses.

Thank you for your consideration of these serious safety issues and concerns. We look forward to continuing to work with you to advance highway, truck and auto safety.

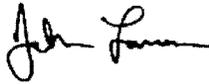
Sincerely,



Jacqueline Gillan, President  
Advocates for Highway and Auto Safety



Joan Claybrook, Chair  
Citizens for Reliable and Safe Highways

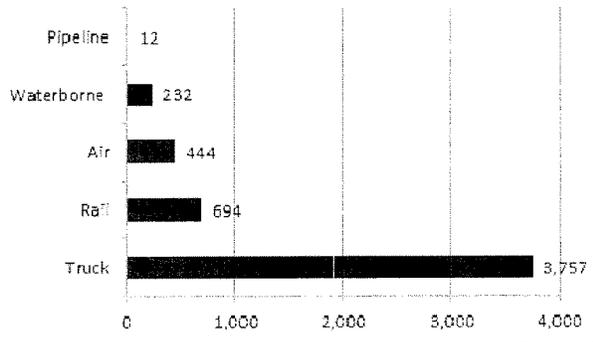


John Lannen, Executive Director  
Truck Safety Coalition



Andrew McGuire, Executive Director  
Trauma Foundation

### 2011 Fatalities by Freight Mode



Sources for 2011 information include:

Pipeline Fatalities:

[http://ops.fhwa.dot.gov/freight/freight\\_analysis/nat\\_freight\\_stats/docs/12factsfigures/table5\\_1.htm](http://ops.fhwa.dot.gov/freight/freight_analysis/nat_freight_stats/docs/12factsfigures/table5_1.htm)

Passenger and Freight Waterborne Fatalities:

[http://ops.fhwa.dot.gov/freight/freight\\_analysis/nat\\_freight\\_stats/docs/12factsfigures/table5\\_1.htm](http://ops.fhwa.dot.gov/freight/freight_analysis/nat_freight_stats/docs/12factsfigures/table5_1.htm)

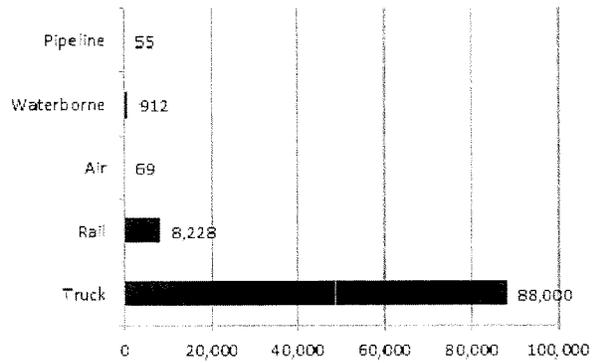
Passenger and Freight Air Fatalities: [http://www.nts.gov/data/table10\\_2012.html](http://www.nts.gov/data/table10_2012.html)

Passenger and Freight Rail Fatalities:

[http://ops.fhwa.dot.gov/freight/freight\\_analysis/nat\\_freight\\_stats/docs/12factsfigures/table5\\_1.htm](http://ops.fhwa.dot.gov/freight/freight_analysis/nat_freight_stats/docs/12factsfigures/table5_1.htm)

Truck Fatalities: <http://www-nrd.nhtsa.dot.gov/Pubs/811752.pdf>

### 2011 Injuries by Freight Mode



Sources for 2011 information include:

Pipeline Injuries:

[http://ops.fhwa.dot.gov/freight/freight\\_analysis/nat\\_freight\\_stats/docs/12factsfigures/table5\\_2.htm](http://ops.fhwa.dot.gov/freight/freight_analysis/nat_freight_stats/docs/12factsfigures/table5_2.htm)

Passenger and Freight Waterborne Injuries:

[http://ops.fhwa.dot.gov/freight/freight\\_analysis/nat\\_freight\\_stats/docs/12factsfigures/table5\\_2.htm](http://ops.fhwa.dot.gov/freight/freight_analysis/nat_freight_stats/docs/12factsfigures/table5_2.htm)

Passenger and Freight Air Injuries: [http://www.nts.gov/investigations/reports\\_aviation.html](http://www.nts.gov/investigations/reports_aviation.html)<sup>[6]</sup>

Passenger and Freight Rail Injuries:

[http://ops.fhwa.dot.gov/freight/freight\\_analysis/nat\\_freight\\_stats/docs/12factsfigures/table5\\_2.htm](http://ops.fhwa.dot.gov/freight/freight_analysis/nat_freight_stats/docs/12factsfigures/table5_2.htm)

Truck Injuries: <http://www-nrd.nhtsa.dot.gov/Pubs/811752.pdf>

Charts compiled by Truck Safety Coalition (2014)

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<sup>(1)</sup> The injuries per air are based on a review of 2011 Aviation Accidents Reports from the National Transportation Safety Board.